

**Sixth meeting of the Public Service Pay Commission
31st January 2017 at 8.30 am, St. Stephen's Green House.**

In attendance

Mr. Kevin Duffy (Chair)
Ms. Marian Corcoran
Mr. Ultan Courtney
Mr. Noel Dowling
Mr. Seán Lyons
Mr. Peter McLoone

Mr. David Denny (Secretary)
Ms. Karen Murphy (Secretariat)
Mr. Brian Cahill (Secretariat)
Mr. Evan Coady (Secretariat)
Mr. James Maher (Secretariat)

9 am-10 am

Ms. Maeve McElwee, Director of Employer Relations
Mr. Fergal O'Brien, Director of Policy and Public Affairs
Mr. Gerard Brady, Senior Economist
Mr. Aidan Sweeney, Senior Public Sector and Regulatory Executive

10 am-10.30 am

Ms. Rosena Jordan, President INTO
Ms. Sheila Nunan, General Secretary INTO
Mr. Noel Ward, Deputy General Secretary INTO
Ms. Joanne Irwin, President TUI
Mr. John MacGabhann, General Secretary TUI
Mr. Michael Gillespie, Assistant General Secretary TUI

10.30 am- 11.15 am

Mr. Justice George Birmingham, President AJI
Mr. Justice Donal O'Donnell, Judge of the Supreme Court
Judge Catherine Murphy, Judge of the Circuit Court

8.30 am- 9am

The Commission briefly discussed the two draft documents on FEMPI and pay trends, which had been circulated in advance. It was agreed that, in future, the status of working papers should be clarified when circulated.

9 am-10 am

The Ibec delegation joined the meeting at 9 am. Ibec provided an overview of its submission, emphasising the importance of an evidence based report given the uncertainty following Brexit and the impact of public sector wage increases on the private sector. Ibec stated that the overall remuneration package including pension benefits and job security should be considered. Ibec advised that the Lansdowne Road Agreement should play out according to plan, without any

reversal of measures introduced to increase productivity, as public sector pay increases are already outstripping the private sector.

Ibec presented their analyses of CSO data on pay trends in the Irish public and private sectors and Eurostat data on comparative pay in the EU across various sectors. In their view there was a significant public sector premium in Ireland, particularly at lower pay levels, although this premium has decreased in recent years.

Ibec presented data in respect of pension costs, showing employer costs are 15.9% higher in the public sector when the Pension Related Deduction (PRD) is subtracted from the gross cost. Ibec mentioned a caveat with this finding, in that the figure of 4.1% for private sector employer pension costs is averaged across the entire sector, including employers who provide defined contribution schemes and others with no pension coverage. They argued that PRD should be retained as a permanent pension contribution.

Ibec spoke briefly about the reform agenda and the continued need to address identified inefficiencies. Ibec suggested that the best way to improve public services is to take into account the perspective of the service user. Further suggestions were to facilitate greater mobility with the public sector and to make public pay policy more flexible to allow targeted pay rises where there are recruitment and retention issues.

The Commission clarified that their task is to input into the consideration of public sector pay over the next few years, not to produce definitive recommendations on matters which will be the subject of negotiation between public service employers and employees. The Commission sought clarity on the model used for the analysis of pay trends and looked for further information regarding the pay and pensions surveys completed by Ibec, which Ibec agreed to provide.

10 am-10.30 am

The joint INTO/TUI delegation joined the meeting at 10 am. The INTO outlined some of the additional non-FEMPI measures directed at new entrants including the 10% pay cut and commencement at the first point of the scale, whereas in the past new entrants began on the second or third point depending on their qualification. The TUI spoke about the capping of qualification allowances following the 2011 budget. The TUI stated that, while certain improvements had been made in this area, an allowance of €1,236 per annum has not yet been restored for post primary teachers due to the difficulty of integrating this allowance into the common teachers scale.

The INTO made a claim for payment of an outstanding benchmarking increase for principals, stating that the failure to pay this to date has undermined confidence in independent pay bodies. The TUI discussed an actuarial report on the value of membership of the single public service pension scheme for new entrants, emphasising the unique impact of the 27 point scale and questioning the appropriateness of single scheme members having to pay PRD. The Commission asked some questions about the methodology of the actuarial exercise and explained how it would be best for the unions to direct their pension observations through the Public Services Committee of Congress. The Unions justified the inclusion of this material based on its specific focus on the single scheme, which will yield a very modest occupational pension due to integration with COAP, given the particular pay structure for teachers.

The Chairman made clear that the Commission would not be looking at individual grades for the purposes of its first report but had been asked to provide inputs to the unwinding of the FEMPI legislation that would inform the negotiations scheduled to take place in the summer.

10.30 am- 11.15 am

Representatives from the Association of Judges of Ireland (AJI) joined the meeting at 10.30 am. The AJI emphasised the need for an independent commission to look at pay and terms and conditions of judges, similar to other jurisdictions. The AJI stressed the importance of having sufficiently attractive terms and conditions to interest candidates from the pool of practising lawyers.

The AJI outlined the list of measures including FEMPI cuts and changes to social insurance, tax and pension contribution rates, which they believe only the judiciary were subject to in their entirety. The AJI spoke about international comparisons, which they highlighted must be made with other common law countries. The AJI stated that judicial pay in Ireland is 60% of the net pay received by their British counterparts, where the UK Government are having to pay a bonus of 15% to retain judges.

The AJI spoke about the effect of changes to the Standard Fund Threshold on recruitment. This behavioural tax was effectively deterring potential applicants for judicial positions, as prudent lawyers who set aside pensions savings while in private practice would be unable to avoid accruing a tax liability since their judicial pension could push them over the Revenue limit.

11.30 am- 12.30 pm

Members agreed the minutes of the last meeting. The secretary provided an update on actions taken since the last meeting. The Commission agreed with the proposed table of contents and programme of work. The Commission were happy with the draft FEMPI text and requested that it might include more graphics such as a timeline. The Commission requested that a list of the additional non-FEMPI measures be included in this paper.

The Commission discussed the paper on pay trends including the pros and cons of using EHECS data, the major advantage being that it can track how average pay levels have changed over several years. Given that the 2007 Benchmarking report was the last detailed pay comparison exercise, one approach would be to for the Commission to look at what had changed since then, including pay trends in the public and private sectors. Further CSO data, which will become available shortly, will aid deeper analysis for specific groups. The Commission requested that secretariat confirm with Ibec if their submission may be shared with official and staff sides.

Action points

- Check with Ibec if submission can be circulated to DPER and unions.
- Include graphics on timeline of FEMPI measures in working paper.
- Compile list of non-FEMPI pay measures.
- Consider meeting with Association of Hospital Chief Executives following next meeting.