

To AHCPS Members

Public Service Stability Agreement 2018 – 2020

The Association and other members of the Public Service Committee were invited on 16th May 2017 by the Minister for Public Expenditure and Reform, to enter discussions with representatives of public service management.

The stated purpose was to seek agreement on an extension to the Lansdowne Road Agreement [LRA] to provide for an agreed approach to the continued unwinding of the Financial Emergency Measures in the Public Interest [FEMPI] legislation. In addition, the letter set out that the discussions would seek to secure the productivity gains of previous collective agreements. Furthermore, a sustainable response to the expectations of public servants was desired in the area of pay on the one hand and, an economy that is subject to ongoing fiscal restraints and a number of emerging international constraints, on the other.

The Talks were facilitated by the Workplace Relations Commission and commenced in Lansdowne House on 22nd May 2017. The draft proposals were finalised in the early hours of Thursday 8th June 2017 and are available on the AHCPS website at www.ahcps.ie

The Association entered the Talks emphasising the importance of equity of treatment. The Association drew attention in the last number of months to the growing disparity of the pay of Assistant Principal Officers and Principal Officers with their equivalents in the private sector. This culminated in the evidence based report compiled by the Institute of Public Administration for the Executive Committee as published at our Conference on 5th May 2017.

Main features of the proposals:

The main features of the proposals are set out in a Circular to members (Circular 12/2017). In summary:

- *Members will see cumulative pay adjustments of 5.75% by 2020 in addition to the outstanding 2.75% for APs and up to 3.3% for POs payable on 1/1/2018 as part of the second half of the restoration of the 2013 Haddington Road third pay cut; This will reverse the bulk of the FEMPI deductions although the PRD becomes a permanent Additional Superannuation Contribution or ASC. The revised rates of pension contribution are set out in Appendix 3. The small remaining FEMPI pay cuts will be reversed in 2021/22.*
- *There is a cumulative gain of €575 by 2020 from the increase of the PRD/ASC exemption limits; Those who retired or will retire post end-February 2012 on reduced salaries will receive pension increases in line with pay increases for those currently in employment; Members who joined after 1/1/2013 will pay a reduced ASC in 2019 and 2020 to reflect the less beneficial pension benefits of the Single Public Service Pension Scheme.*

- *No weakening of outsourcing protections; No change in working hours but facility to revert to pre-Haddington Road hours with commensurate pay adjustment; Process to assess recruitment and retention problems; Commitments on work-life balance arrangements.*

View of the Executive Committee:

The Executive Committee of the Association considered the proposals at its meeting held on the 12th of June 2017. The Committee decided not to make a recommendation to accept or reject the deal given that the proposed Agreement will impact on members in different ways.

Answers to questions being raised by members is set out in the attached Appendix 1.

Schedule of pay adjustments for members:

These are set out in the attached spreadsheet (Appendix 2) and can also be accessed on the AHCPS website along with press releases. This schedule highlights the 'Tail of FEMPI' on 1/1/21. The Minister has committed to adjusting for these amounts of 0.93% to 2.52% in the two-year period 2021/22 following the period of the proposed Agreement.

Next Steps

If the membership votes **YES** the Association will cast its vote in favour of the proposals at a meeting of the Public Services Committee (PSC) of the Irish Congress of Trade Unions (ICTU). The proposals will be subject to the aggregate vote of the PSC of ICTU meaning that a majority position will apply.

If the membership votes **NO** the Association will again be bound by the aggregate vote of the PSC. If the aggregate vote is **NO** it is unclear if further talks will take place or not.

Ballot papers should be returned to Head Office in the attached prepaid addressed envelope to be received no later than **12 noon on Friday 7th July 2017.**

Yours sincerely



Ciaran Rohan
General Secretary
19th June 2017

What if the economy improves above the anticipated level or there is a substantial improvement in the tax yield?

The Public Service Committee [PSC] of ICTU in a letter dated the 8/6/2017 to DPER stated the proposed Agreement was negotiated on the basis of particular circumstances and assumptions, including economic assumptions. The letter specified that the PSC reserves the right, should there be any material change in those circumstances, to revisit the terms of the proposed Agreement.

The Pension-related Deduction [PRD] becomes a permanent Additional Superannuation Contribution (ASC) on 1/1/2019. Is this tax deductible?

Yes. ASC is tax deductible at the marginal rate as is PRD.

If PRD is now to be reconstituted as an ASC will it count towards a person's limit for tax relief on pension contributions?

This is yet to be clarified but under Revenue rules it is anticipated that the ASC will count towards a person's limit for tax relief on pension contributions.

What is the Association's position on the ASC applying to those in the post 1/1/2013 Single Public Service Pension Scheme?

The Association notes that the ASC for members in this Scheme will be 6.66% & 7% in 2019 and will be reduced in 2020 to 3.33% & 3.5%. The Association will strive to have this deduction further reduced but it has not been possible to do so under the terms of the current proposed Agreement.

To what extent will I benefit from the increase to PRD/ASC exemption limits in 2019 & 2020?

On 1/1/2019 the exemption limit increases from €28,750 to €32,000 meaning €3,250 is not subject to 10% ASC so members benefit by €325. On the 1/1/2020 the exemption increases to €34,500 so an additional €2,500 is not subject to ASC and members benefit by a further €250. That is a combined benefit of €575 if 2020 is compared to 2017/18.

Will the 1% adjustment applying to annualised salaries up to €30,000 in 2019 and 0.5% in 2020 apply to all salaries on a pro-rata basis?

No. These increases apply only to those on salaries up to but not exceeding €30,000. The increases are meant to compensate those on annualised salaries that do not benefit from the increase to the PRD/ASC exemption limits in 2019 and 2020.

What is the position concerning the 2.75% due to be paid on 1/1/2018 to Assistant Principal Officers and up to 3.3% to Principal Officers as part of the restoration of the third pay cut imposed on our grades/those earning >€65,000?

This restoration is part of the terms of the existing Lansdowne Road Agreement and is payable under an existing agreement. 2.75% and up to 3.3% respectively will be paid to our grades on 1/1/2018 followed by the first pay adjustment of 1% on 1/1/2018 and 1% on 1/10/2018. A combined 4.75% adjustment will apply in 2018 for APs and up to 5.3% for POs.

What is the view of the Executive Committee on taking legal action to insist on an immediate reversal of the FEMPI legislation?

The Executive Committee continues to keep this matter under review.

What is meant by the reference under Work-life balance in Section 2.14.3 of the Agreement to the use of annual leave to reduce working hours?

It means members on flexi time are allowed to use annual leave to balance a shortfall on statutory minimum hours at the end of a flexi period where for personal or family reasons, or otherwise, the recorded hours are low.

When I retire how will my pension be affected by this proposed Agreement?

Pensions will be adjusted in line with all pay adjustments. For those who retired, or will retire post the end of February 2012, on reduced salaries, they will receive pension adjustments in line with the terms of the Agreement.

Does the Agreement address the Mandatory Retirement Age?

There is a commitment that future Government policy in this area will consider the strong views of the staff side around issues raised for employees caused by the maximum mandatory retirement ages.

How many Public Servants will be removed from FEMPI as a result of this Agreement?

By 2020, more than 90% of public servants will be out of FEMPI pay provisions, and almost a quarter will have exited FEMPI pension levy payments.

What is the duration of the Agreement?

The Lansdowne Road Agreement [LRA] is due to expire in September 2018. If passed by ballot the new Agreement will run from 1/1/2018 to 31/12/2020 to allow for a more accelerated process of pay adjustment than provided in the LRA.

Appendix 3 CHANGES TO PENSION CONTRIBUTION

Pre'95 Members

2020		ASC	Income
Up to €34,500		0	€34,500
Up to €60,000	€25,500 x 10%	€2,550	€25,500
In excess of €60,000	€10,000 x 10.5%	€1,050	€10,000
Total		€3,600	€70,000
Existing Pen. Deduct.	€70,000 x 1.5%	€1,050	
Combined		€4,650	Equivalent to 6.64% of salary
2020		ASC	Income
Up to €34,500		0	€34,500
Up to €60,000	€25,500 x 10%	€2,550	€25,500
In excess of €60,000	€40,000 x 10.5%	€4,200	€40,000
Total		€6,750	€100,000
Existing Pen. Deduct.	€100,000 x 1.5%	€1,500	
Combined		€8,250	Equivalent to 8.25% of salary

Post '95 Members [On higher gross salaries +5.26% on Pre '95]

2020		ASC	Income
Up to €34,500		0	€34,500
Up to €60,000	€25,500 x 10%	€2,550	€25,500
In excess of €60,000	€10,000 x 10.5%	€1,050	€10,000
Total		€3,600	€70,000
*Existing Pen. Deduct.	€70,000 x 6.5%	€3,681	
Combined		€7,281	Equivalent to 10.40% of salary
2020		ASC	Income
Up to €34,500		0	€34,500
Up to €60,000	€25,500 x 10%	€2,550	€25,500
In excess of €60,000	€40,000 x 10.5%	€4,200	€40,000
Total		€6,750	€100,000
*Existing Pen. Deduct.	€100,000 x 6.5%	€5,630	
Combined		€12,380	Equivalent to 12.38% of salary

Members on Single Public Service Pension Scheme [On salaries equivalent to Post '95 Scales]

2020		ASC	Income
Up to €34,500		0	€34,500
Up to €60,000	€25,500 x 3.33%	849	€25,500
In excess of €60,000	€10,000 x 3.5%	350	€10,000
Total		€1,199	€70,000
*Existing Pen. Deduct.	€70,000 x 6.5%	€3,681	
Combined		€4,880	Equivalent to 6.97% of salary
2020		ASC	Income
Up to €34,500		0	€34,500
Up to €60,000	€25,500 x 3.33%	849	€25,500
In excess of €60,000	€40,000 x 3.5%	1,400	€40,000
Total		€2,249	€100,000
Existing Pen. Deduct.	€100,000 x 6.5%	€5,630	
Combined		€7,879	Equivalent to 7.88% of salary

**3% of Gross pay plus 3.5% of net pay i.e. gross pay less twice the state pension rate*