

# INTO News

«The Irish National Teachers' Organisation ... who's who, what's new, and what's happening»

## Report of the Public Service Pay Commission

The Report of the Public Service Pay Commission was published last month. The commission, chaired by former Labour Court chairman Kevin Duffy, was established

to compare pay rates in the public and private sectors. The report's findings will inform negotiations underway on a successor to the Lansdowne Road Agreement.



### SUMMARY OF MAIN POINTS

#### Pensions

- ✎ Pensions under (2013) standard accrual 'Single Public Service Pension Scheme' are on a par with private sector defined contribution (DC) schemes.
- ✎ Depending on "a range of reasonable assumptions," pre-2013 pension schemes are worth between 12% and 18% more than private sector schemes.
- ✎ Fast accrual schemes more valuable again, with value depending on specific scheme.
- ✎ Higher value of pre-2013 arrangements should be addressed through increased employee contribution, applied in agreed adjustments as Pension Related Deduction (PRD) is discontinued.

#### Pay

- ✎ By 2014, average public service pay "approaching parity" with private sector earnings (when you take account relevant characteristics like education, experience, etc).
- ✎ Public service earnings trail the private sector at higher pay levels, and outpace the private sector at lower levels.
- ✎ In recent years, private sector pay settlements have been between 1.5% and 2.5% PA, depending on sector and ability to pay. For large companies, average increase over last two years was 2.5%.
- ✎ Public service pay adjustments must be contingent on the delivery of reform and continuous improvement.

#### Increments

- ✎ On average, public servants receive "significantly lower gains in earnings" for each additional year of experience

compared to private sector counterparts with similar experience.

#### New entrants' pay

- ✎ Recurring theme in submissions and a significant matter "on equity grounds" for cohorts concerned, but differences between employees, in pay and superannuation, not confined to public service.
- ✎ Report found no evidence that reduced rates for new entrants represent a barrier to recruitment to the public service.

#### International pay comparisons

- ✎ Difficult to draw definitive conclusions on international comparisons because of differences in the data.
- ✎ PSCP analysis is not 'like for like,' and doesn't include PRD, tax, social insurance or other deductions.

#### Security of tenure

- ✎ Security of tenure has a value, but there is no satisfactory scientific evidence that could reasonably be used to put a monetary value on it.
- ✎ Increased prevalence of public service fixed-term/service contracts means security of tenure is "not a feature intrinsic to public service employment or extrinsic to private sector employment".
- ✎ Security of tenure has a value to employers – recruitment, retention, retaining skills post-training, public want experienced staff with appropriate expertise.
- ✎ The PSCP notes PSC argument that all

concessions made since 2010 (Croke Park) motivated by desire to protect employment.

#### Recruitment and retention

- ✎ No significant recruitment difficulties in the large-scale public service vocational streams, but some problems in specific areas. Remuneration not the only factor.

#### Working hours

- ✎ Issue raised in PSC and union submissions.
- ✎ 15 million additional hours introduced by the Haddington Road Agreement (HRA), not FEMPI. Therefore a matter for the parties, not the Commission.
- ✎ PSCP analysis of public-private pay comparisons takes account of working time.

#### Items outside of PSCP terms of reference

- ✎ Issues raised included outstanding pay adjudications/recommendations and working conditions.
- ✎ Parties should consider appropriate process to deal with these.

#### Pay and public spending

"Employee compensation as a percentage of general government expenditure in Ireland was 25% (21% for the Euro area). However, Ireland's general government expenditure as a percentage of GDP at 29.4% lagged behind the Euro area (48.5%)." Gross public pay bill (net of PRD) down 9% between 2007 and 2016.

The full report is available for download on the INTO website at [www.into.ie/ROI/NewsEvents/LatestNews/Title,41743,en.php](http://www.into.ie/ROI/NewsEvents/LatestNews/Title,41743,en.php)