

## Review of Public Service Allowances and Premium Pay

### Current position

Following the Government decision on the Review of Public Service Allowances and Premium Pay, sectoral management were instructed to engage immediately with staff interests with a view to securing their early agreement to the elimination of those Departmental allowances payable to current beneficiaries, where no business case exists to pay those allowances to new beneficiaries.

The Haddington Road Agreement provides that there will be full co-operation to the Allowances review, taking account of the recommendations contained in Labour Court Recommendation 20448, and the outcome of the review will therefore be advanced in each sector during the lifetime of the Agreement. The Agreement also provides for changes to certain allowances in the sectors. The Haddington Road Oversight Group is to keep the matter under general review.

Labour Court Recommendation 20448 has implications for the implementation of the Government decision in relation to allowances. In particular, the Court recommended that *“the parties should enter into central negotiations with a view to reaching a generally applicable agreement on measures by which loss arising from the elimination of pensionable allowances can be ameliorated.”*

The Department is currently working on proposals to put to the staff side. Progress on the elimination of allowances from current holders, in particular pensionable allowances, following the review is part of this process.

### Background note

Departments were notified on 28<sup>th</sup> September 2012 of details of the Government Decision in relation to the outcome of the Review. Copies of these letters and extensive material relating to the review are published on the Department’s website.

Sectoral management have been instructed to engage immediately with staff interests with a view to securing their early agreement to the elimination of those Departmental allowances payable to current beneficiaries, where no business case exists to pay those allowances to new beneficiaries, with a list of over 88 allowances identified for consideration among the allowances they should prioritise for early elimination. In addition, Departments have been asked to identify other allowances, including legacy allowances, for elimination from current beneficiaries. Departments are now directly engaging with staff representatives on the allowances specific to their areas.

In cases where no agreement can be reached, the timebound mechanism for dispute resolution through existing industrial relations systems, the Labour Court or Conciliation and Arbitration Schemes, or through the Public Service Stability Agreement 2013-2016 (the Haddington Road Agreement), is available.

Public Service Allowances were, subsequent to the Government decision, subject to review by the Public Accounts Committee (PAC). The PAC published its Report on Public Sector Allowances on the 22<sup>nd</sup> November 2012 and recommended changes to allowances, many of which were already being implemented following the Government decision on the Review. A response to the PAC including sectoral views on the recommendations issued in July 2013.

In relation to the Oireactas Expense Allowance Regime, the Clerk to the Dáil Committee on Procedures and Privileges sent a letter to the Minister in July 2013 forwarding a letter from the Joint Sub-Committee on Administration for his consideration as had been agreed at the Dáil Committee on Procedures and Privileges meeting on 26 June 2013. A reply issued to this letter issued from the Ministers' office on 27 September 2013.

**Statistical information**

Approval for payment of an allowance to a new beneficiary pending the outcome of the review was withdrawn from 31<sup>st</sup> January 2012 and was not restored in the case where the review found that there is no business case for its payment to new beneficiaries.

Some €1.4 billion was spent on allowances and premia payments in 2011 and following the Government decision, some €720 million has either be abolished for new beneficiaries (€475m) or are subject to review (€245m) by sectoral management to secure additional savings.

Because of the moratorium and limited recruitment across the public sector, the immediate value of these decisions was estimated at €3.5 million in 2012 rising to €16 million in 2016. Of this amount, Government Departments identified savings of some €1.5 million, the majority of which is related to the abolition of qualification allowances in Education. Further to this, the Department of Public Expenditure and Reform identified allowances which it considers not to have a valid business case, and which will not now be paid to new beneficiaries. The immediate abolition of these allowances is expected to have generated savings of €2 million in 2012. The largest classes of allowances responsible for these savings are rent allowances. There are also savings expected in Education and Defence through the abolition of allowances relating to Gaeltacht regions, on Islands, and for teaching through Irish.