

Briefing Note

Financial Emergency Measures in the Public Interest Bill 2015

The Financial Emergency Measures in the Public Interest Bill 2015 is currently expected to complete all stages in the Oireachtas by 24th November 2015.

There have been 5 separate Acts passed between 2009 and 2013 under the heading of Financial Emergency Measures in the Public Interest. The aggregate annual savings under these measures currently amount to an estimated €1.2bn in pay reductions, €900m in PRD, €135m in PSPR and €320m in professional fees.

Following the public service pay talks which concluded in May 2015, the Labour Relations Commission put forward a series of proposals under the heading of the Lansdowne Road Agreement, which are significantly weighted in favour of the lower paid, in relation to the partial and phased restoration to public servants of deductions made under these Acts.

The Lansdowne Road Agreement (LRA)

- extends the terms of the Haddington Road Agreement (HRA) out to July 2018,
- introduces measures to restore a portion of the reduction in take-home pay of public servants on a phased basis to 2019;
- The cost of implementing the LRA is €267m (2016), €290m (2017) and €287m (2018) [Cumulative €267m (2016), €557m (2017) and €844m for (2018)];
- This include costs already committed from HRA of €18m (2016) €128m (2017), and €132m (2018) comprising
 - Teacher's Supervision and Substitution Allowances of €18m (2016), €53m (2017), and €35m (2018);
 - Pay Restoration for those on over €65k of €75m (2017) and €97m (2018);
- **Pension Related Deduction (PRD):** Exemption threshold will change as follows:
 - 2015 increase from €15,000 p.a. to €17,500 p.a.
 - 01/01/2016 increase from €17,500 p.a. to €26,083 p.a.
(‘blended rate’ to represent threshold increase from €17,500 to €24,750 01/01/2016, and €24,750 to €28,750 01/01/2016)

- 01/01/2017 increase from €26,083 p.a. to €28,750 p.a.
- The gross annual benefit of the measures in 2016 will average €730 per person.
- **Pay restoration as follows:**
 - 01/01/2016 annualised salaries up to €24,000 to increase by 2.5%;
 - 01/01/2016 annualised salaries from €24,001 up to €31,000 will increase by 1%;
 - 01/09/2017 annualised salaries up to €65,000 to increase by €1,000.
- **Over €65k Pay Restoration:** Those on salaries over €65,00 p.a. will get the additional cuts imposed under FEMPI 2013 restored as follows:
 - €65,000 to €110,000: 50% 01/04/2017, 50% 01/04/2018,
 - Over €110,000: 1/3 01/04/2017, 1/3 01/04/2018, 1/3 01/04/2019,
- **Teachers:** Under HRA, Supervision and Substitution Allowance payments were discontinued from school year 2013/2014, with arrangements for teachers in compliance with the obligations under the Agreements as follows;
 - €800 increase to common basic scale for teachers from school year 2016/2017,
 - Further €800 increase to common basic scale for teachers from school year 2017/2018;

Public Service Pensioners

In addition the FEMPI Bill introduces measures to reduce the impact of the Public Service Pension Reduction (PSPR) on retired public servants. These measures are due to be implemented from 1 January 2016.

- Cost for PSPR is an additional €30m p.a. to 2018 [Cumulative €30m for 2016, €60m for 2017, and €90m for 2018];
 - The changes will remove significant numbers of pensioners (approx. 19,000) from the PSPR net;
 - For 2016, there will be a return of €400 to most PSPR-impacted pensioners;

Changes are also being made to the Ministers and Secretaries (Amendment) Act 2011 to give the Minister **permanent powers** in relation to the approval of remuneration, terms and conditions of public servants.

In accordance with advice from the Office of the Attorney General, amendments to the Courts (Supplemental Provisions) Act 1961 are being brought forward to regularise the position with regard to the arrangements for remuneration of members of the Judiciary. The Act will also provide that persons newly appointed to the bench are not restricted from achieving pay parity with existing judges, following the application of measures in the FEMPI 2010 Act.