



Isle of Man
Government

Reilfus Eilan Vannin

THE OFFICE OF THE CHIEF MINISTER

Oik yn Ard-sbirveishagh

CHIEF MINISTER:
Hon J A Brown. MHK

Government Office, Douglas
Isle of Man. IM1 3PG

Tel No: (01624) 685702
Fax No: (01624) 685710
email: chief.minister@cso.gov.im

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16 September 2008

Hon P.A. Gawne MHK,
Minister for Agriculture, Fisheries & Forestry,
45 Garth Avenue,
Surby,
Rushen, ISLE OF MAN, IM9 6QZ.

Dear

Phil,

Ref: IOM Trades Council letter – Public Sector Pension Proposals

I am aware that Members have received a letter dated 9 September from Ms A Moffatt, Social Legislation Officer on behalf of the IOM Trades Union Council regarding the Public Service Pensions.

I thought that it may be helpful to Members to again clarify the situation – one that I have clarified previous in writing to Staff Union Organisations, some individuals, as in fact I have directly to Ms Moffatt and some of her colleagues at a meeting held in my office on the 4 August 2008. Members will also be aware that I have clarified the matter through News releases, copies of which have been forwarded to Members.

The first point I would make is that the Council of Ministers, acting on a decision of Tynwald, is seeking to go through a logical progress one step at a time, giving open feedback to Tynwald, the staff and the public at the conclusion of each step. It was for this reason that the Hymans Robertson Report was commissioned and then published. It is for this reason that Council reported to Tynwald in May of this year and sought approval to the acceptance by Tynwald of four overarching principles and approval to report back to Tynwald in December with a proposed action plan for approval. I am concerned that you are being invited by the Trades Union Council to prejudge this matter with your views being released to Union members and their families, especially when no decision has been made at this time to make any changes and further, when you will not be in the position of knowing what is proposed. Clearly however, it is for you to decide what course of action you should take in this matter.

If I may I would respond to the specific points raised in the letter therefore, taking each of the other points in turn:-

"There are no firm guarantees to existing members of the current schemes as to protection from future detrimental change"

That is no different from the current position. In fact the Isle of Man Government can give no assurances whatsoever to any group of staff regarding their pensions because at present we are obliged by law to implement any changes made in the United Kingdom.

The UK makes such changes as they consider necessary to suit their own economic situation and we are obliged to follow suit regardless of our economic situation and regardless of the impact such changes have on our own staff. That is one of the most powerful reasons for change.

At this stage I would also draw Members attention to the fact that where we have broken away from the UK in terms of pay and conditions, particularly in the NHS, the Isle of Man situation is invariably better than those that apply in the UK.

"Furthermore, we view the current consultation on the Superannuation Act 1984, as a means to introduce enabling legislation for future change in this area.

*We seriously urge you to question the timing of this process. We would urge you to consider how this balances with the assurances that no definite decisions have been taken at this point. **We urge you to oppose changes to this legislation until the full implications of the current process to change public sector pension provision are known, debated and decided.**"*

The need for amendment to the Superannuation Act 1984 was highlighted before Hymans Robertson was appointed, and was published within the legislative programme and is identified on page 18 of the Governments Strategic Plan 2007 - 2011. Regardless of the outcome of the Pensions review a change to the 1984 Act is required in relation to the present pension provisions.

"We strongly condemn an approach that provides no conduit for feedback and discussion for those affected and which provides no clear information for the thousands of our members and their families across the Island."

This statement is clearly incorrect as there was an initial consultation undertaken with staff and unions earlier this year culminating in a presentation to those union representatives conducted on 1 May 2008 and also information regarding the matter has been posted on the Government's website, where the Terms of Reference for the Review and a set of Frequently Asked Questions and Answers can be found. In addition I have repeatedly assured all union representatives that once Tynwald has received the December 2008 Report on the proposed action plan, and if it is approved, there will be full consultation with all staff and their representatives. I have also written a letter, issued in June 2008, to explain to all members of staff who are potentially affected by any proposals to give them assurances regarding the issue.

"We also believe that the current approach denies you, as our elected representatives, full information on the impact of the main points contained in the report. We consider these to include:

- *A pay cut in real terms of 4-10% + for workers*
- *A rise in pension age for some - meaning a longer working life*
- *A cap on inflation linking of pensions - causing a real risk to members that their income will drop in real terms. when they are least able to do anything about it*

- *A break in the link to UK schemes - which will have a detrimental impact on recruitment in essential service areas across the public sector"*

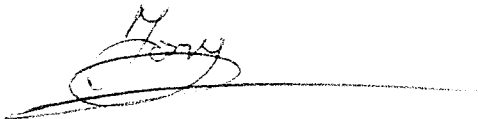
Clearly these are assumptions made by the union which unfortunately confuses and creates concern to our staff, despite my reassurances to the unions that **no** decisions have been made with regards to implementing any part of the Hymans Robertson Report and recommendations. Again I have emphasised that any decisions will require the approval of Tynwald, and importantly that there will be full consultation with both staff and unions.

I confirm that as agreed by Tynwald in May 2008 Government will report back regarding this important issue, to Tynwald at the December 2008 sitting when Members, Unions and staff will have a full picture of what is being proposed, together with an assessment of all the alternatives, before Tynwald is asked to make a final judgement on this matter. I would also refer Members to the News Release I issued dated the 4th September 2008 which confirms the position.

Finally, to reiterate for Members, I confirm that **no** decision has been taken either by Government or by Tynwald to approve or accept any, or part of, the Hymans Robertson Report, or any of the reports recommendations.

I hope this information is of assistance to Members, and if you have any queries please do not hesitate to contact my office as we will be pleased to clarify any issues.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hon J A Brown', written over a horizontal line.

Hon J A Brown MHK
Chief Minister