



Isle of Man
Government

Keeltes Llan Vaanee

THE OFFICE OF THE CHIEF MINISTER

Oik yn Ard-shirveishagh

CHIEF MINISTER:
Hon J A Brown, MHK

Government Office, Douglas
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Our ref: CM 327.4/CM14.3

17 September 2008

Ms A Moffatt
Social Legislation Officer
IOM Trades Union Council
c/o Transport House, 25 Fort Street
Douglas
ISLE OF MAN IM1 2LJ

Dear Ms Moffatt,

Ref: IOM Trades Council – Public Sector Pension Proposals

I am in receipt of your letter dated 9 September 2008 on behalf of the Trades Council to all members of Tynwald regarding the review of Public Service Pensions.

The first point I would again make to you 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 over arching principles and approval to report back to Tynwald in December with a proposed action plan for approval. I again re-iterate, **no** decisions have been made to change any pensions, and as you are aware the Hymans Robertson Report was published without any of their proposals and recommendations being approved, the publication of the Report was done so that all interested parties and the public were aware of its content.

If I may I would now respond to the specific points raised in your 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”

As the Trades Council knows this 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.



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Reithas Ellan Vannin

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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 the Trades Council's 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 the situation that applies 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 Government's 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.”

As the Trades Council knows, 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. Furthermore, 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. The Trades Council will also be aware that I have 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 Trades Council 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, the Government will report back to Tynwald at its December 2008 sitting regarding this important issue. Members of Tynwald, unions and staff will then 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 have again confirmed this position publicly in a News Release which I issued on 4 September 2008.

I again 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 Report's recommendations.

Finally I thank the Trades Council for their invitation to attend the meeting on 9 October, however I extend my apologies as I feel it would be inappropriate to attend such a meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J A Brown', enclosed within a large, hand-drawn oval. The signature is fluid and cursive.

**Hon J A Brown MHK
Chief Minister**