



Ballot information for TUI members

FEBRUARY 2009

www.tui.ie

TEACHERS' UNION OF IRELAND / AONTAS MÚINTEOIRÍ ÉIREANN

A Word From The President



The expression of deep outrage and frustration by members of TUI over the past weeks since the announcement of the imposition of the recent levy is palpable and has been brought about by a culmination of events.

We are justifiably reacting with anger to:

- The indiscriminate cuts applied to the education system in last October's budget
- The proposed crude and unfair pay/pension levy on public sector workers
- The exemption of those who can afford to pay from carrying any of the burden
- The apparent unwillingness of the government to address the economic sabotage of the country by big business, banks and developers
- Failure of the government to present a coherent long term economic plan to get us out of the mess that is of their own making
- The apparent unwillingness to deal with tax evaders, tax dodgers and tax exiles.

We do not want to rush into industrial action but if the government continues to fail to respond positively to ICTU's 10 point plan for national recovery, **"There is a Better, Fairer Way"**, we will in conjunction with other teacher and public service unions embark on such action.

I urge you to vote 'Yes' and in doing so give a clear mandate to the executive to engage in whatever action it deems necessary to bring the government to its senses.

Don Ryan
President,
TUI

TUI opposes the Income Levy

- The levy was described as an increase in pension contributions. It is not. It is a levy on all public service pay, whether the pay is pensionable or not.
- The levy is unfair in its application in that it is excessive on lower and middle pay ranges.
- Those exempt from paying income tax due to low pay are required to pay this levy.
- Those exempt from paying the 1% income levy brought in on 1st January are required to pay this levy.
- People in non-pensionable public service jobs are required to pay this levy.

Teachers already pay for pensions

- A 6.5% deduction has always been taken from teachers' salaries to pay for their pensions.
- Paying for pensions is not new.
- The perception given in many broadcasts or other media presentations is that teachers and other public servants do not pay for their pensions.
- In addition to paying for pensions,
 - the most recent benchmarking body gave no increase to teachers, as it discounted teachers' pay by 12% in recognition of their pension.
 - In effect, this is a depression of pay by up to 12% to pay for pensions.
 - This levy seeks to add up to 10% for pensions.
- Teachers therefore:
 - Paid 6.5% for pensions before this new proposed levy.
 - Had their pay discounted by up to 12% by the benchmarking process.
 - Now pay up to 10% in addition

The total deductions from teachers' pay are as follows:

■ Pension Contribution	5%
■ Spouses and Children's Scheme Contribution	1.5%
■ PRSI (Those appointed after 1995)	4%
■ Health levy	2%
■ Income Levy (from 1st January 2009)	1%
■ Income Tax	20% or 41%
■ now an additional levy	up to 10%

The scapegoating and ill-informed attack on all public servants must stop.

Public servants constitute:

- teachers
- nurses and other health workers
- Gardaí
- prison officers
- refuse collectors
- local authority workers
- water supply and sewage removal workers
- civil servants
- and a range of others.

All are necessary for society as we know it and all are the public servants who have been put under constant attack from ill informed commentators.

TUI says enough!

A mass demonstration of public service workers took place on Saturday, 21st February. By taking to the streets in such numbers, public service workers showed their opposition to this treatment.

Government has yet to respond in a satisfactory manner.

Consequently, TUI, along with other teacher unions and other public service unions are balloting for industrial action which, if necessary, will be up to and including strike action.

In addition, the ballot will seek the agreement of members to engage in a series of work to rules or forms of non-cooperation or withdrawal from various initiatives.

These will be clearly detailed by the Executive Committee for each sector of the Union at the appropriate time and will be clearly imposed by union directives at the appropriate time.

Anger of Members

Enormous anger has been expressed by TUI members both to TUI Head Office and to members of the Executive Committee. This anger has been expressed either individually by email, telephone or by letters or through branches.

Much of the anger constitutes the manner by which this so called pension levy has been imposed on public servants by government.

Government sought to get agreement with ICTU and with the other social partners. Having failed to get this agreement government announced the imposition of precisely what had been rejected.

The reasons for rejection of the proposals, including the levy, are in the main

- the lack of overall balance
- the scapegoating of public servants and
- the failure to "share the pain" with all sectors of society
- the "rich and fat cats", the wealthy industrialists, the banking chiefs, etc., are not being required to pay their fair share while they carry a large responsibility for the problem.

TUI agrees that there is a problem and that a solution must involve **a fair sharing** of the remedy. What we are seeing imposed is a very unfair sharing.

TUI members have been attacked by this government both professionally and personally.

- Through July and August of 2008, one programme after another was cut by government and cut in such a manner that will cause particular impact on the most disadvantaged
- In October, 2008, the most savage attack on the education system in the history of the state was announced which would result in the:
 - cutting of teacher numbers through pupil-teacher ratio
 - loss of language support teachers
 - loss of some special provisions for disadvantaged.
- Schools saw loss of funds under a variety of headings, the most vicious being the withdrawal of the book grant.
- Teachers saw the removal of agreements in respect of supervision and substitution and in respect of voluntary early retirement strands.
- With effect from 1st December, 2008 they saw their purchasing power diminished by the increased rate of valued added tax (VAT) up by ½ %.
- With effect from 1st January, 2009, their incomes were reduced by the imposition of a 1% levy
- Now government has decided that it needs to narrow the gap between its income and expenditure by a total of €2 billion and where does government look? *Of course*, the public service again.
 - ⅓ of this €2 billion is to be recouped from the public servants
 - By the imposition of this pension levy
 - Public service travel and maintenance is to be cut by 25%
 - Pay rises due under the current national agreement with effect from 1st September, 2009 (3.5%) and the 1st June, 2010 (2.5%) have been set aside for the foreseeable future. Government has announced that they will definitely not be paid during the years 2009 or 2010.

TUI has had enough. Your support is sought. Vote YES for this strike action

ICTU Policy

The ICTU speaks for the entire Irish trade union movement and is maintaining a common position across the entire movement.

Private sector workers are under serious attack from the current recession through

- job losses,
- short-time work,
- other forms of pay reduction and
- the most extreme case whereby retiring and/or retired workers are losing pensions for which they had paid.

Public sector workers are targeted in the way which is set out elsewhere.

Congress has put together a balanced and rational 10-point plan for national recovery called **“There is a Better, Fairer Way”**.

The full text of this document, which is supported by the TUI, is included below for the information of members.

TUI supports the view that trade unionists must back one another in difficult times. The reality is that the times we are in are surely the most difficult that we have seen in many, many years.

No one union alone can stand in front of government and successfully persuade a government to change its direction.

All workers together, acting with one purpose, have this strength.

What is being sought at present is that government would re-engage with the trade unions through the ICTU with a view to seeking an agreed way forward in this time of crisis.

Your support and the support of every TUI member and the support of every trade unionist, public sector and private sector, is needed in order to achieve this.

“THERE IS A BETTER, FAIRER WAY”

Congress Plan for National Recovery

Introduction

Congress has consistently advocated the adoption of a Social Solidarity Pact as a better and fairer route to national recovery.

On January 28, Congress, Government and the employers settled on an outline Framework Agreement, which was to provide a basis for more detailed discussions on a National Recovery Plan.

The Framework committed all parties to a plan in which *“all sectors of society contribute in accordance with their ability to do so, and...the most vulnerable, low paid, unemployed and social welfare recipients are insulated against the worst effects of recession.”*

But Government failed to follow through on this commitment, which envisaged no less than a coherent response to **all** of the major issues facing working families.

They resorted instead to a narrow focus on the public finances - without seeking a contribution from the wealthy. Their intent is to achieve a competitive devaluation of wages across the economy, as we are no longer in a position to devalue the currency. Ironically, a currency devaluation would be more equitable, as it would reduce living standards for everyone, not just workers.

Congress remains committed to the concept of a Social Solidarity Pact and here we present 10 key initiatives that we believe must form part of such plan or agreement.

Our preferred option is to engage with all parties on these initiatives but if that is not possible, we will embark upon a major campaign to achieve a change in policy, commencing with nationwide demonstrations on February 21.

1. Protecting Jobs & Tackling Unemployment

Our social welfare system must be radically altered and integrated with skills enhancement, education and training. In a number of European countries, unemployed workers are guaranteed incomes of 80 percent of salary for two years, conditional on their participation in extensive training and upskilling. Employers are also assisted to identify alternatives to redundancy, such as short term working weeks and other arrangements.

A similar scheme, modified for Irish conditions, could be funded by amalgamating current expenditure on benefits with additional funding from the Public Capital Programme (PCP). This approach should be complemented by reprioritising the PCP to support job protection and labour intensive activities.

2. The Banking System & the Public Interest

The Bank Recapitalisation Programme involves handing over €7 billion of public money, from the Pension Reserve Fund, to the same people who presided over the collapse. Their refusal to forego enormous personal salaries and bonuses speaks volumes about their contempt for the taxpayer. That €7 billion must not disappear into a black hole and only one consideration – the public interest – should inform Government decisions on this crucial matter. And given all that has emerged about the conduct of senior bank executives, we require a complete overhaul of Corporate Governance and clear indications that wrongdoing will be punished. Support for the banking system should be conditional on:

- public control, either through Recapitalisation or Nationalisation;
- a legally-enforceable obligation to provide support for innovation and development in the economy, along with credit and support for business cash flow, where it can be shown that it is critical to job protection or creation;
- replace all top executives responsible for the crisis, in the relevant banks;
- remuneration from all sources for those at the top must be capped;
- three year moratorium on home repossessions, where people cannot pay due to redundancy or unfair dismissal.

3. Competitiveness.

In addition to the absence of a properly functioning banking system, the most immediate threat to our competitiveness comes from the weakness of Sterling, not wage rates. This accounts for about two thirds of the deterioration in recent months.

Energy prices must be reduced and the only impediment to this is the nonsensical regulatory regime that has pushed prices higher to ensure private generating companies make a profit. Coupled with the failure of our broadband infrastructure - following the privatisation of Eircom - this demonstrates the critical importance of strategic state intervention in the economy.

Our cost of living in Ireland is some 20 percent above the European average. Failure to pass through gains from a weakened Sterling and high professional fees are an unjustifiable drag on competitiveness.

4. The Pay Agreement

Congress continues to adhere to the Social Partnership agreement. The Government, CIF and IBEC have now, in effect, reneged on the pay deal they negotiated in September 2008. Yet, significant numbers of private sector companies have paid the first phase of that deal and others have committed to doing so. No credible reason has been advanced to explain why the 'inability to pay' clause has not been utilised.

This is no less than a campaign against wages, as an alternative to a currency devaluation, to promote competitiveness. But the state of the global economy is such that wage devaluation is unlikely to have much impact on exports, whereas it will seriously depress domestic demand.

Ultimately no incomes policy can have credibility unless the remuneration of senior company executives is curtailed, as has happened in the US.

5. Fairness & Taxation

The Framework Agreement includes commitments to fair and progressive taxation measures. But Government must spell out what this means in practice. How much of the €2bn shortfall will be carried by the wealthiest in the country? We believe the following reforms should be introduced:

- Income from all sources – capital and labour - must be taxed the same;
- Tax exiles must stay away if they don't want to be taxed here;
- Tax shelters without a proven economic gain should be abolished;

- A property tax should apply to property other than the principal private residence;
- The levy on high earners (above €100k) should be graded upwards significantly;
- A new rate of income tax at 48 percent for high income earners;
- Abolish hospital co-location, with its generous tax breaks for developers.

6. Restoring Consumer Confidence

The property boom encouraged unsustainable levels of credit and spending. This has now been reversed and people are frightened to spend. This fear is paralysing the economy as people are worried about unemployment, pensions and repossession of their homes. As almost half our GDP comes from consumer spending, this has enormous implications. It undermines employment and jeopardises the survival of businesses. The state also loses out on tax revenue.

It is imperative that people's fears are addressed. The failed policies of letting the wealthy off the hook, while forcing working families pay for the crisis, has already led to a slump in consumption unparalleled elsewhere in Europe. Retail sales in Ireland have been falling at an annual rate of 8 percent, as compared with the EU average of one to two percent. Recent VAT increases have exacerbated the problem.

Policy to date has been almost exclusively deflationary in practice. Surely the most sensible option is to stimulate the economy, rather than dampen spending and growth? To this end, all parties must now return to the negotiating table to agree a resolution of the situation on the National Pay Agreement, to provide people with some confidence for the future.

7. The Public Service 'Pension Levy'

We acknowledge there is a crisis in the public finances. Government must return to the Framework Agreement of January 28. This recognised the necessity for radical measures to bring the public finances under control, on the basis of all sides contributing in accordance with their ability to do so. Until that happens there can be no sustainable plan for national recovery.

The so-called 'Public Service Pension Levy' is a crude and unfair instrument. As currently structured it is a straightforward pay cut. It has no regard for ability to pay. Indeed, some people on lower incomes pay proportionately more than those on

higher pay. Apart from seeking to tackle the public finances without charging the wealthy a cent, it is also part of a strategy to drive down wages across the economy.

Workers did not create the problem, but will contribute to resolving it - as long as the wealthy also contribute. The problem with the course currently being pursued by Government and employers' organisations is that the weakest suffer, while the wealthy contribute nothing.

8. Pensions

Private sector pensions are in crisis and there is increasing doubt about the long term viability of many funds. Government cannot stand by and allow people to emerge with nothing, having worked and contributed to a fund for perhaps 40 years. Waterford Crystal is a case in point.

Congress wants the National Pension Reserve Fund to be used as a Pension Protection Fund – which EU law requires us to establish. It has not escaped people's notice that there is official reluctance to use it for this purpose and none whatsoever when it comes to propping up the banks.

Other innovations suggested by Congress include a state backed annuity and the possibility that private pension funds could have the option of voluntarily surrendering their assets to the state, in return for a certain level of guaranteed pension.

9. Employment Rights Legislation

In *Towards 2016* Government committed to enacting a programme of legislation to protect the rights of all workers in the context of EU enlargement. The aim is to stop exploitation of workers regardless of nationality. Recent events in the UK demonstrate the need to get this legislation enacted quickly.

10. National Recovery Bond

It is clear that people are anxious to contribute to national recovery. This spirit could be channelled positively by establishing a National Recovery Bond. While we have enough borrowings for the immediate future, the state will presumably need to borrow more next year. With the cost of this borrowing increasing, a domestic National Recovery Bond could save the exchequer a lot of money. It could also be targeted at specific sectors such as school building or public transport, so people could see tangible gains.