

FAO Mr Kevin Duffy

Chairperson

Public Services Pay Commission

St Stephen's Green

Earlsfort Terrace

Dublin 2

**Submission to Public Services Pay Commission re public services embargo and lack of opportunities for young entrants- suggested way forward in conjunction with revised pay proposals in the Public Sector**

Dear Mr Duffy

I note that Minister Pascal O Donohue has established the Public Services Pay Commission to examine the Public Sector Pay structure with a view to making recommendations for a successor to the Lansdowne Road Agreement and note that while submission have been invited from relevant key Stakeholders (such as Unions,, Employers, other vested interests etc.) there seems to have been no facility to invite the general public to make submissions. As an established Civil Servant I would hope that useful views from Public/Civil Servants may be taken into consideration if they have very worthy or meaningful contribution to make so this is my suggestion in the hope that some of it may be considered when the Commission makes its final report to the Minister regarding Public Sector Pay.

I am writing to the Commission in relation to an issue which may well become major sooner rather than later if not dealt with now. Basically as a result of the Public Service recruitment embargo brought in about 2007 there has been virtually no new entrants to the Civil Service/Public Service since then with some exceptions (re Garda,HSE etc.) and the upshot of this is that we now have a Civil Service/Public Service with virtually no one under the age of 30 . This means that the Civil Service and Public Service is losing out on young blood, ambitious well educated young people with a further downside that these may have to emigrate for better futures or be unemployed here which isn't very satisfactory. No one seems to be planning ahead and there could be a major corporate knowledge loss when existing civil and public servants retire if there is no continuity possible from the younger (fully qualified and suitable) entrants.

I have a simple proposal to address this which the Commission may wish to consider and believe it will be cost neutral if not a cost benefit in the long run. My proposal is as follows:

For any existing Civil/Public Servants over the age of 55 and close to retirement, offer a package of retirement with full pension entitlements (i.e. not an actuarially based reduced pension or lump sum)

For any retiring Civil /Public servant under this system, the relevant Government Department /Public Service (Local Authority etc.) must recruit an eligible and suitable candidate (who must satisfy and fulfil all Public/Civil Service entry requirements for the relevant vacant position) who must be

between the age of 18 and 29 when recruited to fill the vacancy left. Of course there may be some promotions required to fill the immediate and knock on positions higher up but the effective savings from the earlier retirement and reduced lump sum ,should address this. – (See Appendix 1 re likely costs based on a preliminary assessment of how the system may work in practise)-

In this way the youth unemployment rate may drop and young people may be able to return from abroad to pursue a career in the Civil and Public Service, something effectively denied to nearly this entire cohort of people at this time.

This is a win win situation offering people near retirement the option to get out early and enjoy their retirement opportunities while opening the door to re-staffing the Civil and Public Service with an infusion of well-educated bright and ambitious young people to drive it forward into the future. This can only be good for the Civil and Public Service in the long run as many of these young people are very highly qualified and have much better IT Skills than their elders so it would be a great shame to lose a complete generation to the Civil and Public Service.

I trust that the Public Service Pay Commission may see merit in my proposal. I am a Civil Servant myself and have three children of ages 14, 18 and 21 and sadly as things stand I can see no long term opportunities (or very limited at best) for a career in the Civil Service here unless some meaningful action is taken now and over the next few years to address this major imbalance in staff recruitment age profile within the Civil and Public Service.

I trust that the Commission will give my proposal due consideration. Indeed I have no doubts that the Unions may welcome it as it does not interfere with any of their proposals and at the same time gives hope to the young people of Ireland that there are opportunities for a career advancement in the Civil and Public Service if a plan was to be put in place to begin recruiting young people into the Civil and Public Service on a phased basis subject to a one for one Retirement/New entrant scheme as outlined above. – (See also Appendix 1 below re how the system could work in practice and typical cost estimate) -

Yours sincerely

Concerned Civil Servant

17/2/2017

## APPENDIX 1

### Proposed Civil/Public Service one for one Retirement/New entrant youth recruitment Plan

Number of existing Public/Civil Servants = 300000 No app

Target annual retirement of 3% = 9000 No

Run for 3 years .Target retirement =27000No

Target youth (18-29years) recruitment =27000No (i.e. over the same 3 years)

### **COST ESTIMATES BASED ON A TYPICAL LIKELY SCENARIO**

Target age of retirees 55 or over and with app 35 years of service

Typical retiree annual salary 50000 euro/yr

Retiree Pension 21875 euro/yr

New Entrant starting salary 21000 euro/yr. (i.e. cost neutral or better)

Retiree Lump sum (at 35 years' service) = 65,625 euro

Retirees Lump Sum (if waiting for 40 years to retire in normal way) =75,000 euro

Average Lump Sum saving for earlier retirement =9375 euro

Total lump sum saving (over 3 years based on 27000 target retirees) = 253. 125 million euro\*

Note \* This money can then be ring fenced to take account of consequential and promotion positions arising as a result of filling the Retirees vacant position. This is therefore again likely to be cost neutral or better .Indeed, in the absence of any Incentive, if these Staff were to stay on until age 65 or 67, then the saving, by having this plan in place, could be significantly greater again.

Obviously there may be some variations but if this Plan is specifically targeted at a Retiree Group I e around 55/56 years of age with 35 years' experience, then even though these estimates are based on average assumptions, the bottom line is that such a scheme is very likely to be near to if not better than cost neutral to the exchequer and would fulfil its target objective of allowing the recruitment of up to 27000 new young entrants (18-29 years old) into the Civil and Public Service over a targeted time of say 3 years and indeed even if the emergency downturn were to persist

there would no need for any lifting of the recruitment embargo as this proposed Plan to all intents and purposes is self-financing .

There is also possible spin offs here if some of the young employees taken on are removed from the Live Register then that would be a further saving and indeed if certain key pinch points within the Public/Civil Service in need of immediate attention (for urgent recruitment) are identified i.e. HSE (recruitment of young nurses to help ease the current Hospital waiting list –for operations- and on-going shortage of beds/trolley crisis), Passport Offices, Garda, Teachers etc. I am sure that it would then be possible to redeploy the vacancies on this basis if a valid case is made by the relevant Department /Public Authority

The machinations as to how the Plan would work in practice would be a matter for Department of Finance but is likely to meet with a broad welcome from across the political divide as well as from Unions and Employers in view of the fact that it is a scheme at last which specifically targets the youth of the country inviting them to pursue a career in the Public and Civil service and accordingly will hopefully cut further the youth unemployment or emigration figures and address key staff shortages in some critical areas within the Public/Civil Service.

The Minister has asked the Public Service Pay Commission to take cognisance of Public Sector Employees' pension entitlements in making their report to him for a successor to the Lansdowne Road Agreement. This **Civil/Public Service one for one Retirement/New entrant youth recruitment Plan** would indeed take cognisance of this as with a cohort of earlier retirees likely this would lessen the pressure on the Public Sector Pension pay bill since these early retirees would go onto a lower pension (i.e. at 35 years' service) than they would if they had stayed until at least 60 years of age with a full 40 years' service. So this would allow the Commission to make a recommendation to the Minister in this regard as it would likely come under the 'terms of reference' which were given to the Commission and on which their Report has to be based. Clearly this incentivised early retirement plan would have many benefits if administered properly and so has real merit in being considered in conjunction with the successor to the Lansdowne Road Agreement