

**Eighth meeting of the Public Service Pay Commission
22nd February 2017 at 8.30 am, St. Stephen's Green House.**

In attendance

Mr. Kevin Duffy (Chairman)

Ms. Marian Corcoran

Mr. Ultan Courtney

Ms. Ruth Curran

Mr. Noel Dowling

Mr. Seán Lyons

Mr. Peter McLoone

Ms. Susan McKiernan (Acting Secretary)

Ms. Karen Murphy (Secretariat)

Mr. Evan Coady (Secretariat)

Mr. Brian Cahill (Secretariat)

Ms. Angelena Hollingsworth (Secretariat)

Mr. James Maher (Secretariat)

9.55 am- 10.40 am

Mr. David Malone, Pensions Authority

Mr. Pat O'Sullivan, Pensions Authority

10.40 am- 11.15 am

Ms. Rose Leonard, Irish Institute of Pensions Management

Mr. Joe Creegan, Irish Institute of Pensions Management

11.15 am- 11.45 am

Mr. Peter Brazel, Department of Public Expenditure and Reform

Mr. Henry O'Mara, Department of Public Expenditure and Reform

12 pm- 12.50 pm

Mr. Paul Bell, SIPTU

Mr. Sean Nolan, SIPTU

Mr. Peter Ray, SIPTU

Mr. Ciaran Sheridan, SIPTU

Mr. Kevin Figgis, SIPTU

Ms. Michele Monahan, SIPTU

Ms. Rebecca Donoghue, SIPTU

12.50 pm- 1.20 pm

Dr. John Duddy, IMO

Dr. Peadar Gilligan, IMO

Dr. Emer Shelly, IMO

Mr. Anthony Owens, IMO

Mr. Cian O'Dowd, IMO

1.20 pm- 2 pm

Mr. Fearghal Grimes, CEO St. John's Hospital

Ms. Stephanie Manahan, CEO Central Remedial Clinic
Ms. Ann Marie O'Grady CEO Leopardstown Park Hospital
Mr Lorcan Birthistle, CEO St. James's Hospital
Mr. Derek Greene, CEO National Rehabilitation Hospital

8.30 am- 9.55 am

Members agreed the minutes of the previous meeting. The Secretary provided an update on actions taken since the last meeting. The Chairman informed Commission that the Secretary General of DPER would be attending the next meeting on 7th March and requested that the Secretariat issue an invite to the Public Services Committee of ICTU for the same date.

The Secretariat presented a recruitment and retention working paper, which had been updated to reflect sectoral returns. The data supplied by the employer side indicated that there is no general recruitment and retention problem, but there may be issues in certain specific areas of the Health and Defence sectors.

The Secretariat presented CSO job churn data, which indicated that job stayer rates for the 20-24 and 25-34 age cohorts in the public service had decreased in each of the last four years. The Commission requested data for before the financial emergency, which Secretariat had already sought. The Chairman suggested examining the recruitment and retention working paper in greater detail at the next meeting, to allow for the health data to be properly amalgamated.

The Secretariat presented a working paper on international pay data. The data indicated that annual earnings in the Irish public service are slightly above the EU average, but hourly pay rates are among the highest in the EU. It was agreed that the paper would be updated to use a mean/mean comparison, instead of the median/mean measure used in initial draft. It was agreed that the Secretariat would research OECD tax and social insurance rates in order to provide a better indication of how net pay in the Irish public service compares internationally. It was also agreed that the EUPAN survey results need not be retained in the document.

9.55 am- 10.40 am

The delegation from the Pensions Authority joined the meeting at 9.55 am. The Pensions Authority provided an overview of their role and a breakdown of pension benefits across various scheme types. The Pensions Authority described how only a very small number of defined benefit (DB) schemes are taking in new members and how the proportion of people in defined contribution (DC) schemes has been continuously increasing. The Pensions Authority answered the Commission's questions regarding the number of DB schemes in a recovery plan and the changes made to these recovery plans during the financial emergency. The Pensions Authority outlined how approximately 50% of the workforce (roughly 1 million people) have no occupational pension coverage. The Commission requested figures for the average employee and employer pension contributions.

10.40 am- 11.15 am

The delegation from the Irish Institute of Pensions Management (IIPM) joined the meeting at 10.40 am. The IIPM presentation focused on private sector pension coverage, mainly DC schemes. The IIPM described how changes to DC schemes over the past two decades have resulted in some good practices being lost, in particular: the absence of automatic scheme enrolment, the later ages at which people are joining schemes and the lower rates of both

employee and employer contributions. The IIPM distinguished between pension coverage and pension adequacy, stating that many individuals are not joining DC schemes early enough and not paying sufficient contributions. The IIPM described how DC schemes can facilitate greater mobility as DB schemes are typically only better if one remains in the scheme until normal pension age. The IIPM emphasised that properly constructed DC schemes can be just as beneficial as DB schemes. The Commission queried the cost of purchasing similar benefits to public sector DB schemes on the market and the IIPM stated that annuity rates would be significantly higher in the private sector.

11.15 am- 11.45 am

Officials from the Department of Public Expenditure and Reform (DPER) joined the meeting at 11.15 am. DPER outlined the key features of the pre 1995, post 1995, post 2004 and Single Scheme cohorts and provided clarification to various technical questions raised by the Commission. DPER described how the majority of the Public Service Pension Reduction (PSPR) is scheduled to be unwound by January 2018 under the FEMPI 2015 Act. DPER stated that the cost of fully eliminating the residual PSPR for the remaining 20-25,000 higher paid pensioners would be €45 million for pensions currently in payment. The Commission requested worked examples for pension benefits across different schemes and career paths, which DPER agreed to provide.

12 pm- 12.50 pm

The delegation from the SIPTU Health Division joined the meeting at 12 pm. Representatives of staff working in the ambulance services stated that the Lightfoot report recognised that 600 further staff are needed, yet only 100 are currently trained per annum. It was also submitted that despite requirements to up-skill and improve educational qualifications in recent years ambulance professionals are not considered part of the HSE professional grades.

The representatives of radiographers and radiation therapists described how productivity measures have been removed from these roles with payments per patient being replaced by hourly rates. It was submitted that people are choosing not to specialise by completing postgraduate study, as they can receive the same remuneration for less responsibility by remaining in the general grades.

Representatives of nurses and midwives cited the reduction in staff numbers, which they submitted will be further exacerbated by nursing graduates being attracted to positions abroad and in the private sector domestically. The Commission clarified that the initial report would be focused on the unwinding of FEMPI. SIPTU provided figures on the number of individuals applying for positions across these different areas. The Commission explained that they cannot rely on anecdotal figures and require objective evidence of potential recruitment and retention difficulties.

12.50 pm- 1.20 pm

The delegation from the Irish Medical Organisation (IMO) joined the meeting at 12.50 pm. The Chairman clarified the focus on FEMPI unwinding for the initial report. The IMO went through the salient points of their written submission. The IMO stated that a recent survey had shown that over two-thirds of trainee doctors believed they could get better pay abroad. The IMO submitted that Ireland has a low doctor to population ratio; despite training sufficient numbers domestically 38% of doctors working in Ireland were trained abroad.

The IMO stated that there are currently 2,700 consultants, despite a recommendation for 4,400 consultants in the Hanly Report. The Commission requested figures for the approved compliment and the IMO replied that there are currently 250-300 vacancies at consultant level. The IMO agreed to supply further information in this regard. The Commission also requested information on the number of doctors emigrating before the financial emergency.

The IMO stated that there are currently 30 community doctors out of a target of 60, while specialist staff who retire are not being replaced. The IMO referenced the changing composition of graduates as one-third of new entrants are coming through the graduate entry route. The IMO spoke about difficulties in recruiting new consultants and submitted that one-quarter of posts are attracting no applicants.

1.20 pm- 2 pm

The delegation from the Association of Hospital Chief Executives (AHCE) joined the meeting at 1.20 pm. The AHCE submitted that in recent years Hospital Chief Executives have taken up exceptional new responsibilities in terms of corporate governance, corporate law and charities regulation. The AHCE stated that despite assuming these additional responsibilities they do not have access to shared procurement or legal services. The AHCE described how the unwinding of FEMPI legislation would not ameliorate their situation as new post-2015 pay scales have been introduced. The AHCE stated that the unwinding of FEMPI may actually have the adverse effect of reducing or removing the headroom between CEO posts and lower positions.

The AHCE submitted that there will be further vacancies when the 5 year contracts of current CEOs on pre-2015 scales expire and there is a need to recruit CEOs on the reduced post-2015 scales. The AHCE gave the example of Beaumont Hospital, where the CEO post remains unfilled. The AHCE submitted that nearly all CEOs are coming from the HSE, with very few externally recruited due to the reduced pay scales. The AHCE stated that this is having a negative effect on frontline services as management teams across different healthcare disciplines are losing managers. The AHCE agreed to make a supplemental submission focusing on FEMPI and comparisons internationally and with the private sector.

Action points

- Organise meeting with Secretary General, DPER for 7th March meeting.
- Update recruitment and retention working paper to reflect health data.
- Update international pay working paper and incorporate tax rates if possible.
- DPER to provide worked examples of pension benefits across different schemes.
- SIPTU Health Division to provide confirmation of number of vacancies.
- IMO to provide further information on consultant vacancies.
- AHCE to provide supplemental submission.