**LAHIFFE & ASSOCIATES  
 Public Affairs & Political Communications** 

**OIREACHTAS REPORT FOR APTI**

**October 9 - 11, 2018**

**PENSION ISSUES**

**Dail**

Tuesday, October 9

**Pension Levy Data**

**Deputy Jack Chambers** asked the **Minister for Finance** the yield from the private pension levy in each of the years in which it was applied; and if he will make a statement on the matter.

**Minister for Finance (Deputy Paschal Donohoe):**  The yield for all relevant years from the Stamp Duty levy on pension schemes is as set in the following table.

|  |  |
| --- | --- |
| **Year** | **Yield   €m** |
| 2011 | 463 |
| 2012 | 483 |
| 2013 | 535 |
| 2014 | 743 |
| 2015 | 169 |
| ***Total*** | ***2,393*** |

  The levy has ceased since 2015.

**Civil Service Pension Schemes**

**Deputy Michael Healy-Rae** asked the **Minister for Public Expenditure and Reform** if he will address a matter (details supplied) regarding pension reform; and if he will make a statement on the matter.

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):**  The question relates to pension appeals lodged under the internal dispute resolution process of the Civil Service Pension Schemes. Appeals relating to the application of pension scheme rules are, of their nature, complex and not capable of easy resolution. In order for them to arrive at the appeal stage, decisions will already have been made on how those cases should be dealt with, but for one reason or another the individual is dissatisfied with the outcome and wishes to invoke their right to call for independent appeal. In the appeal process on any individual case, my officials often have to engage with the employing Department or body, and sometimes with the applicant themselves or their legal advisor or union, to ensure that all the relevant facts have been obtained, before a formal submission can be prepared. In addition, complex pension scheme rules have to be carefully considered to ascertain whether they have been interpreted correctly or, in cases of ambiguity in the rules, to establish how a fair and just outcome can be obtained. On occasion, it is necessary to examine policy files relating to the pension term or condition at issue and to check for any precedent cases that might have relevance to the appeal case under review. In some cases, specific legal advice may be needed. Of its nature, this process is particularly time-consuming.   
  
In relation to the year 2017, six appeals were lodged to my Department in that year under the Civil Service Pension Schemes Internal Dispute Mechanism.  
  
  Of the six appeals, the decision was issued to the appellant in four cases during 2017 (average time to process the appeal, eight months) while two cases remain outstanding.  
  
  Apart from appeals lodged during 2017, my Department also processed and issued decisions in respect of a number of other appeal cases which had been lodged prior to 2017.  
  
  I can assure the Deputy that my officials and I take very seriously our role in the processing and managing of appeal cases under the internal disputes resolution mechanism and, notwithstanding the constraints inherent in the process I have described, endeavour to ensure that decisions in appeal cases are issued in as timely a fashion as possible.

**State Pension Reforms**

**Deputy Willie O'Dea** asked the **Minister for Employment Affairs and Social Protection** if it is still her plan to issue payments under the new calculation method for the contributory pension in Q1 2019; the legislative steps that still need to be taken to ensure that this comes into effect on schedule; if all persons potentially affected by this have been contacted; the number that have been contacted to date; the number outstanding that remain to be contacted; and if she will make a statement on the matter. 

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):** On 23 January last, the Government agreed to my proposal that will allow pensioners affected by the 2012 changes in rate bands to have their pension entitlement calculated on a TCA basis, including provision for up to 20 years of home caring in the calculation of that entitlement. A number of elements have to be put in place to facilitate the implementation of the rate band changes 2012. Legislation has to be enacted and an information technology system has to be developed and tested. My Department is currently working on these and both at a very advanced stage. In addition, my Department is currently finalising procedures and recruiting and assigning staff to process reviews of pensions.

It is estimated that 53,000 pensioners are affected by the rate band changes. However, over 76,000 pensioners (including 9,000 pensioners resident outside the State) will have their applications re-assessed under the TCA12, as there are people unaffected by the rate band changes who will be allowed benefit from the new scheme (notably, many with a yearly average of 40-47, who currently qualify for a 98% rate pension, but who may now qualify for a full rate pension).

My Department will be writing to impacted customers over the next two months to explain to them what is happening and how the process of review will work. It is still planned to commence these reviews before the end of this year, with the first payments being made in Q1 2019, backdated, where relevant, to the end of March 2018, or later where a person attained their 66th birthday since that date. It is not necessary for people to contact the Department on this matter. Once the legislation is enacted and the systems and processes are ready, my Department will then write again to the people impacted and provide them with the opportunity to have their pension calculation reviewed.

**Overseas Workers and State Pension Contributions**

**Deputy James Lawless** asked the **Minister for Employment Affairs and Social Protection** her plans to review the policy which excludes Irish citizens from building up class A contributions while working in the European Patent Office despite other Irish citizens in other European institutions being able to do so; her further plans to extend this allowance to the European Patent Office; and if she will make a statement on the matter.

**Minister for Employment Affairs and Social Protection (Deputy Regina Doherty):** The issues raised by the Deputy relate to a ruling of the Court of Justice of the European Union in the *Gardella* case (Case C-233/12). This is a complicated ruling and its implications are being considered by the various Member States. The complexity of the Court of Justice ruling on the impact of employments with an international organisation when calculating entitlement to social security old age pensions requires extensive examination. This case, which has implications for all Member States, was discussed at the most recent meeting of the Administrative Commission for the Co-ordination of Social Security Systems in Brussels on 4th October 2018. The discussion was on the practical issues concerning the implementation of the Gardella ruling. It is not possible at this stage to determine the outcome of the ongoing discussions.

Wednesday, October 10

**Written Questions**

**Public Service Pension Data**

**Deputy Joan Burton** asked the **Minister for Public Expenditure and Reform** the

estimated cost of accrued pension rights for serving civil and public servants up to 31 December in each of the years 2014 to 2018; and if he will make a statement on the matter. 

**Minister for Public Expenditure and Reform (Deputy Paschal Donohoe):**  An actuarial review of the accrued liability in respect of current and former public service employees’ occupational pensions was last carried out by my Department over 2017 in respect of year-end 2015. The latest review was undertaken on behalf of the CSO who are required to show the accrued liabilities of all funded and unfunded Irish pensions as part of the National Accounts, under EU Regulation 549 / 2013. Transmission of this data to the EU Commission was mandatory from 2017, in respect of valuation year 2015, and at three yearly intervals from that date. The next valuation due is in respect of year-end 2018. As such, the following is an estimate of the cost of accrued pension rights for serving employees in the civil service, the health sector, and the education sector as at 31 December 2015. The figures represent the present value of retirement benefits to be paid in the future on the basis of accrued pension rights of serving employees.

|  |  |
| --- | --- |
| **Sector** | **Accrued Liability as at 31 December 2015 - Serving Employees** |
| - | € Bn |
| Civil Service | 8.8 |
| Health | 12.2 |
| Education\* | 17.3 |

*\*There is no readily available breakdown of the cost of accrued pension rights for serving employees in the education sector between that corresponding to primary and secondary school teachers.*  
  
It is important to bear in mind that the accrued pension rights of serving civil servants will fall to be paid over the next 70 years or so; and not in any single year. It is also important to stress that the Government has taken a number of significant steps to improve the long-term sustainability of public service pensions in recent times. For example, the SPS Pension Scheme introduced from 2013 will, in time, reduce liabilities by around 35% from what would otherwise have been the case. Also, an Additional Superannuation Contribution was introduced for public servants which provides for additional ongoing funding support towards the cost of public service pensions from those that benefit from such pensions from the year 2019. The full report is published on my Department's website

Thursday, October 11

No relevant business

**Seanad**

Tuesday, October 9

No relevant business

Wednesday, October 10

No relevant business

Thursday, October 11

No relevant business

**Oireachtas Committee**

No relevant business

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