

Ref: 0704

25th April 2023

Mr Owen Reidy **General Secretary ICTU** 31-32 Parnell Square Dublin 1

Re: Ministerial Approval for Pension Increases

Dear Owen,

The Communications Workers' Union (CWU) would like to highlight the prolonged and protracted process involved in obtaining Ministerial approval for pension increases and the adverse impact it is having on our pensioner members.

In the past year the Union, having secured increases in pensionable pay, which subsequently apply to pensioners, has encountered unacceptable and unnecessary delays in securing Ministerial approval. Our experience covers two pension schemes: the An Post Superannuation Scheme and the eircom Superannuation Scheme. The schemes are financially healthy and in surplus that enables them to meet the Pension Authority's Minimum Funding Standard (MFS). In fact, both are moving to selfsufficiency.

The CWU has worked hard and taken some tough decisions in the past to protect the viability and sustainability of these schemes through collective agreements (Pension Accords) and has supported the de-risking of both schemes to ensure they are in a relatively strong position to protect against any future economic challenges.

Each year approval to apply the agreed increases is sought in full compliance with the Code of Practice 16/2021 for the Governance of State Bodies on Remuneration & Superannuation in a timely manner. Regrettably, approval for the payment of increases is subject to an unacceptable and inordinate delay. The process for both schemes requires two signatures, the Minister for Environment, Climate & Communications, and the Minister for Finance.

Over recent years an additional group, New Economy and Recovery Authority (NewERA), has become involved, resulting in additional scrutiny and delay.

As an example, the eircom Board, following Board, Trustee and Actuary approval, wrote to the Ministers in early October 2022. Ministerial sign off was received in April 2023 and pension payments are due in May 2023. A total of 8 months from approval request to payment to pensioners. It is worth noting that, over the years, all increases sent for approval reach the same conclusion and are awarded.

Similar delays have been encountered at An Post, where agreement has been secured in January with the assistance of the Labour Court for restoration of a two phase increase of 6% pensionable pay in addition to an agreed 2% due from the 1st January 2023. To secure payment of the three increases, An







Post is obliged to make three separate applications. Apart from the utter frustration of pensioners, this is placing unnecessary administrative costs on the schemes.

In both examples above, there is no delay or fault attributable to either company. Neither should there be, as the increases are not funded by the companies and are paid from the scheme funds both of which are healthy because of prudent management by trustees and sacrifices of members.

NewERA's brief is to provide financial and commercial advice to Government Ministers and Departments. In circumstances where increases already comply with collective agreements (approved at the time by both Departments) have company, pension trustees and actuarial approval, there is no justifiable reason for their prolonged intervention and unnecessary delay. At best it should be an oversight procedure which would allow a fast-track Ministerial approval be put in place.

From a recent discussion I had with Kevin Callinan, ICTU President, I understand that this experience of slow ministerial sign-off, is shared by other unions in the semi-state sector. We agreed it would be beneficial to have a coordinated approach by Congress in respect of the way government deals with pension increases in the semi-state sector. Perhaps we should review with other unions to ascertain their views and experiences.

I would appreciate your assistance and request ICTU make representations to government, seeking Ministers, and the relevant Departments, streamline the approval process for the benefit of our pensioner members.

Our pensioners have given very loyal service to the company and state and they cannot understand the delay in payment of their entitlements, particularly given the current cost of living crisis.

Yours sincerely,

Seán McDonagh

**General Secretary**