Written Parliamentary Question Answered on 12 July 2011

210. Deputy Shane Ross asked the **Minister for Public Expenditure and Reform** if the figure of €289 million stated as the reduction in payroll costs detailed in the review report on the Croke Park agreement is in fact the same figure for savings to the State, in view of the fact that some of those personnel who left are now receiving a State pension; and if he will make a statement on the matter. **[19634/11]**

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): The Implementation Body for the *Public Service Agreement 2010 — 2014* published its first progress report on 15th June last. The Body found that, over the twelve months to end March 2011, sustainable Exchequer pay bill savings in the order of €289 million had been achieved, driven primarily by a reduction in public service staff numbers of 5,349 over the period. It is assumed the Deputy is referring to public service pension costs and not costs relating to the State Pension (either contributory or means-tested) paid by the Department of Social Protection. Public service pension costs have increased over the period. However, this is not a direct function of or causally linked to the Croke Park Agreement but, rather, represents costs which would arise in any event. The cost increase is not due to the Croke Park Agreement but is essentially caused by increased longevity (i.e. fewer pensioners dying) and more people retiring normally.

The Body's report, correctly, foot-noted the pension increase over the period but, equally correctly, did not seek to relate it to the Croke Park reform process. The Body's Report also footnotes the costs associated with the voluntary early retirement and redundancy schemes which were offered in the HSE last year. It should be noted that any voluntary early retirement scheme incurs up-front once-off costs while the savings remain sustainable into the future.

As regards the payments to those who left under the most recent exit mechanisms, i.e. the HSE scheme and the Incentivised Scheme of Early Retirement (ISER), the total amounts paid out in terms of lump sum and severance, including statutory redundancy, was of the order of €106 million. The associated ongoing annual pension cost is of the order of €46 million. Increased pension costs associated with the schemes decline over time as early retirees reach the age at which they would have retired in any event. In addition, some of those who retired under these schemes did so outside the relevant period within which the Croke Park Agreement was in operation, i.e. before March 2010.