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**BILLE NA bPINSEAN (MEADU), 1962.  
PENSIONS (INCREASE) BILL, 1962.**

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**EXPLANATORY MEMORANDUM.**

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1. This Bill gives legislative authority for the increases granted in the years 1962 and 1963 in civil pensions payable to former public servants. These pension increases, which came into effect on 1st August, 1962 and 1st November, 1963, were announced by the Minister for Finance in the course of his Budget statements for 1962 and 1963. Authority for payment of the increases in advance of legislation was obtained through the estimates for pensions increases passed by Dáil Éireann on 18th July, 1962, and 28th November, 1963. Pensions paid out of the various Votes have been increased under the authority of these estimates. Public service pensions paid out of the Central Fund or from funds not voted by Dáil Éireann will be increased as soon as the Bill becomes law.

2. The Bill contains four parts, of which *Part I* contains the necessary definitions and interpretation clauses. *Parts II* and *III*, respectively, contain provisions for the 1962 and 1963 increases. *Part IV* contains general provisions governing the granting and payment of increases, and also provision for future increases. The Schedule contains a list of the pensions to be increased under the provisions of the Bill.

3. Except for a limited revision in 1947 of civil service and garda pensions, increases in pensions prior to 1962 took the form of a percentage addition to the pension, which might vary with the amount of the pension or the date of the pensioner's retirement. A new basis was adopted for the pensions increases granted in 1962 and 1963, which took the form of an upward revision of the individual pensions by reference to higher rates of pay introduced after the pensioners had retired. The 1962 pension increases were calculated by reference to the new pay rates introduced on 1st November, 1955, for civil servants, teachers, gardaí and most other public servants. The rates of pay taken for the 1963 pensions increases were those introduced for civil servants and other classes of public servants on 15th December, 1959, and for teachers and gardaí in January-March, 1960. If no increase was granted on 1st November, 1955, or in December, 1959, the new salaries for pension revision were taken on the date of the nearest corresponding pay increase. For convenience of reference, the terms "1955 level" or "1959 level" are used throughout this memorandum to cover the pay rates used in the calculation of the 1962 and 1963 increases, although the actual pay rates used may have been introduced in other years.

4. In 1962, also, pensions which had been increased to 1955 level were further increased by 6%. This percentage increase was also added to the pensions of those who retired between the dates of the 1955 and 1959 pay increases; it was subsequently merged in the 1963 increase when pensions were raised to 1959 pay levels. In some cases, particularly where retirement took place in 1958 or 1959, the 6% increase had already brought the pension close to 1959 level, and a small increase in 1963 sufficed to bring the pension to 1959 level.

5. Most public service pensions are calculated as a proportion of pay which varies with years of service, and have been increased by taking the same proportion of the appropriate remuneration at 1955 or 1959 level. A small number of pensions, payable mainly to widows and children of the Garda Síochána, are paid at flat rates. In these cases percentage increases have been fixed to take account of pay increases and of any pensions increases already granted under the four Pensions (Increase) Acts, 1950 to 1960. The additional percentages payable from 1st August, 1962, and 1st November, 1963, will be found in paragraphs 12 and 13 following.

6. In *Part IV* of the Bill a provision, which appears for the first time in pensions increase legislation, enables the Minister for Finance to authorise future increases in public service pensions by statutory regulations. This provision will obviate the necessity for new legislation on each occasion that a pensions increase is granted.

7. *Sections 3, 4 and 5 of Part II* of the Bill provide for the revision to 1955 level, with effect from 1st August, 1962, of Exchequer pensions listed in *Part I* of the Schedule to the Bill, i.e. the pensions payable to former judges, civil servants, teachers, members of the Garda Síochána and a few other civil pensioners. The pensions granted to persons in these categories who retired from service before the dates specified in *section 7* have been recalculated on revised remuneration determined by reference to the higher rates of pay introduced, on the dates specified in that section, for the various categories of officers then serving. Cases where the original pension was computed on an average of salary or emoluments are covered by *sections 4 and 5* which allow the average to be redetermined by reference to the higher rates of pay or emoluments in force on the specified date.

8. *Section 6* provides for a further increase of 6% in the pensions raised to 1955 level under *sections 3, 4 and 5*. The 6% increase is also added to the pensions of those who retired in the interval between the 1955 level pay increase and the 1959 level pay increase, i.e. between the date specified in *section 7* and the relevant date listed in *section 9* for each category of pensioners. *Section 8* provides for a modified percentage increase where, although retirement took place after the relevant 1959 level date given in *section 9*, the pension was calculated on average salary and thus included an element of the lower pre-1959 level pay rates. The modified percentage increase in these cases is required to ensure that these pensioners will not have less pension than if they had retired before the date of the 1959 level pay increases. The percentage increases under *section 6* and *section 8* are payable from the 1st August, 1962 to 31st October, 1963, after which they are merged in the 1959 level pensions increases payable from 1st November, 1963.

9. The pensions increased in 1962 under *sections 3 to 9* of the Bill are increased further to 1959 level under *sections 17 to 20 of Part III* of the Bill, with effect from 1st November, 1963. These are Exchequer pensions listed in *Part I* of the Schedule to the Bill, which are payable to judges, civil servants, teachers and other civil pensioners. The pensions of those persons who retired from service before the dates specified in *section 20* have been recalculated on revised remuneration determined by reference to the higher rates of pay introduced on the dates specified in that section for the various categories of serving officers. Where the original pension was computed on an average of salary or emoluments over a period which commenced before the date specified in *section 20*, *sections 18 and 19 (1)* allow the average to be redetermined by reference to the higher 1959 level rates of pay or emoluments.

10. *Section 19 (2)* covers cases in which the pensioner surrendered part of his own pension to provide a pension for his wife or dependant. In these cases the pension payable may be either the officer's own reduced pension or the pension payable after his

death to his widow or dependant, or the pensioner and his wife may each be in receipt of a pension under an option for joint pensions. All the Exchequer pensioners in this category retired after 1st November, 1955, and their pensions will be increased to 1959 level under *Part III* of the Bill if retirement took place before the specified date in *section 20*. The benefit of the 1959 level increase is apportioned between the various pensions derived from the original pension by first calculating the 1959 level increase on the original pension; the percentage increase over the original pension which this represents is then applied, with effect from 1st November, 1963, to each of the pensions payable.

11. The various provisions of *Part II* and *Part III* of the Bill will apply only where they effectively increase the amount payable to the pensioner. If, in 1962, the pension as originally awarded plus previous pensions increases is as good or better than a 1955 level pension plus 6%, the pensioner will retain his existing pension as more favourable to him, and similarly in 1963 if existing pension is as good or better than a 1959 level pension. Provision is made accordingly in *sections 6 (3), 11 (1), 17 (2), 18 (4), and 21 (1)* of the Bill.

12. *Sections 10, 11 and 12* in *Part II* of the Bill provide for the 1962 increases in flat-rate pensions. *Section 10* covers the pensions of the late Mrs. Arthur Griffith and Mr. Donal Ó Buachalla and *section 12* covers the pensions of the widows and children of the Garda Síochána and other police forces which are listed in *Part II* of the Schedule to the Bill. These pensions have already been increased, where appropriate, under the earlier Pensions (Increase) Acts, 1950 to 1960, and they are being increased by a further 20% from 1st August, 1962, this being the percentage increase determined generally for flat-rate pensions which had already been increased under the earlier Acts. The appropriate percentage increase in such flat-rate pensions from 1st November, 1963, is an additional 5%, making a total of 26% increase in the pre-1962 rates. Provision for the increase of 26% from 1st November, 1963, in the pensions of widows and children of the Garda Síochána and other police forces is made in *section 22* of *Part III* of the Bill. *Sections 12 and 22* of the Bill also provide minimum pensions for widows and children of the Garda Síochána and other police forces corresponding to the contributory widows' and children's pensions payable under the Social Welfare Acts.

13. *Section 11* in *Part II* and *section 21* in *Part III* of the Bill apply to the pensions payable to former Ministers and Parliamentary Secretaries and their widows. The pensions of Ministers and Parliamentary Secretaries were fixed in 1938 at flat rates varying with length of service and were not increased at any time under the Pensions (Increase) Acts 1950 to 1960. Widows' pensions, which were fixed in 1938 at half the husband's pension, were, however, increased under the Pensions (Increase) Acts. Ministerial and Secretarial pensions were not revised until 1960, when they were increased under the Oireachtas (Allowances to Members) and Ministerial and Parliamentary Offices (Amendment) Act, 1960 (No. 12 of 1960). The principle of the Bill to increase pensions by reference to the pay levels of 1955 and 1959 applies equally to these pensions, and it has been implemented by adding to the original 1938 rates a percentage corresponding to the percentage increases in the salaries of Ministers and Parliamentary Secretaries. Since 1938, Ministers and Parliamentary Secretaries have received two salary increases—on 23rd July, 1947, and on 1st May, 1960. Under *section 11* of the Bill the pensions are being increased to the 1947 salary level which is taken as the 1955 level because there was no salary increase in 1955. The increases from 1st November, 1963, provided in *section 21* of the Bill have been calculated by reference to the 1960 salary rates which were settled at the time of the general salary increases to 1959 level. Pensioners will receive the revised rates under this Bill if more favourable than the rates payable under the 1960 Act. The rates in the Bill will be more favourable for all Ministers and Parliamentary Secretaries from 1st

November, 1963, and even the rates payable under the Bill from 1st August, 1962, which are related to 1947 salaries, will be more favourable in all but the long-service cases. Most widows, however, will retain their existing pensions which, because they already contain an element of pensions increases, are more favourable than the pensions payable under the Bill.

14. *Section 13* in *Part II* of the Bill and *section 23* in *Part III* of the Bill empower local authorities to increase the pensions payable by them. The increases, which will be similar to the 1962 and 1963 increases for Exchequer pensioners, are subject to sanction by the Minister for Local Government. Instructions for the calculation of the increases have been issued to local authorities by the Department of Local Government. *Section 14 (Part II)* and *section 24 (Part III)* similarly empower harbour authorities to increase the pensions payable by them to such extent as may be approved by the Minister for Transport and Power. The increases in these cases will also be similar to the 1962 and 1963 increases in Exchequer pensions.

15. Statutory bodies are also being empowered by *section 15 (Part II)* and *section 25 (Part III)* of the Bill to increase statutory pensions payable by them, subject to approval of any increases by the Minister for Finance. Increases in such cases will also follow the 1962 and 1963 increases for Exchequer pensioners.

16. *Section 16 (Part II)* provides the commencement date of the 1962 increases, which is generally the 1st August, 1962, or the date of commencement of pension if later. Local authorities and statutory bodies are empowered to determine a later date if they so desire. *Section 26 (Part III)* provides the commencement date for the 1963 increases, viz. the 1st November, 1963, or the date of commencement of the pension, if later, or a later date if determined by a local authority or a statutory body.

#### PART IV—GENERAL PROVISIONS.

17. *Section 27* provides for the grant of increases by the appropriate Ministers, viz. the Minister for Education in relation to teachers' pensions, the Minister for Justice in relation to garda pensions, the Minister for Posts and Telegraphs in relation to pensions paid out of the Vote for Posts and Telegraphs, and the Minister for Finance in relation to all other Exchequer pensions.

18. Under *section 28 (1)*, statutory provisions applicable to a pension before increase will continue to apply to the pension as increased, except where these are expressly modified under the Bill. One of these modifications is contained in *section 28 (2)* which provides that where a pension is suspended or abated during re-employment under the rule that pension payments must not exceed the difference between salary on re-employment and salary at retirement, the salary at retirement shall be taken as the 1955 level or 1959 level by reference to which pension has been increased under the Bill and, where a percentage increase of pension has been given (e.g. 6% under *section 6*) this percentage will also be added to the suspension ceiling. This will enable a re-employed pensioner to receive more of his pension and get the benefit of pensions increases. *Section 28 (3)* covers an individual garda pensioner and is an easement of suspension. *Section 28 (4)* enables the Minister to take account of 1955 and 1959 level remuneration in determining the maximum of two-thirds pay which applies in certain cases where two pensions are being paid, one of which was calculated on service augmented by an addition of years.

19. *Section 28 (6)* provides that in the case of pensioners of the former Dublin Metropolitan Police, pay at 1955 or 1959 level for the purposes of pension revision is to be determined by reference to the pay of the Garda Síochána. In the case of pensioners of the former National Health Insurance Society, whose pensions are now payable out of the Exchequer following on the transfer of the

Society's work to the Department of Social Welfare, the 1955 and 1959 level pay will be determined by reference to civil service rates. *Section 28 (7)* provides that increases shall be cumulative except where other arrangements are made in the Bill. *Section 28 (8)* provides for the rounding up to the nearest shilling of the annual pension after it is increased under the Bill. *Section 28 (5)* and *Section 28 (9)* empower the Minister for Finance to determine any doubt or dispute arising in relation to the revision of a pension paid out of the Exchequer.

20. *Section 29* is a new provision in pensions increase legislation which will enable the Minister for Finance to authorise any future pensions increases by statutory regulations which, after they have been made, will be laid before each House of the Oireachtas.

21. Many of the statutory bodies established since 1922 have provided pensions for their staffs under statutory provisions enabling them to make superannuation schemes subject to Ministerial consent to the provisions of the schemes. *Section 30* will enable these bodies to make amending schemes to provide for such pensions increases as they may consider appropriate, subject to the same Ministerial consent as was required by statute for the making of the original scheme.

22. *Section 31* is a saving provision excluding from the benefits of the Act any compensation payable under Article 10 of the Treaty, or any gratuity or any pension which is not a pension listed in the Schedule to the Bill or covered by *section 30* of the Bill.

An Roinn Airgeadais,  
Márta, 1964.

1. Increase of scheduled (Part I) pensions (other than pensions specified in paragraphs (b) and (c) of Part I of Schedule)
2. Further increase in certain cases of scheduled (Part I) pensions (other than pensions specified in paragraphs (b) and (c) of Part I of Schedule)
3. Amount to be retained in respect of annuities
4. Further increase of 3% in certain cases
5. Special rate for purpose of sections 3, 4, 5 and 6
6. Further increase of one-twelfth of 1% in certain cases
7. Relevant date for purposes of sections 3 and 4
8. Increase of pensions specified in paragraphs (b) and (c) of Part I of Schedule
9. Increase of pensions specified in paragraphs (e), (f) and (g) of Part I of Schedule
10. Increase of widows' benefits and children's allowances specified in Part II of Schedule
11. Increase of annuities (Part III) pensions
12. Amount of scheduled (Part IV) pensions
13. Maximum of scheduled (Part V) pensions
14. Transference of pensions

