

Chairman, Members,

I welcome this opportunity to engage with the Select Committee on Foreign Affairs and Trade and Defence, to consider the 2019 Revised Estimates for Vote 35 (Army Pensions) and Vote 36 (Defence).

I have a short opening statement which will set out the overall position and update the members on some of the main developments within the Defence Sector over recent times.

The Defence Sector is made up of two votes – Vote 35, Army Pensions and Vote 36, Defence. The high level goal of both Votes is to *‘provide for the military defence of the State, contribute to national and international peace and security and fulfil all other roles assigned by Government’*. Accordingly, Defence sector outputs are delivered under a single programme in each Vote.

The combined Estimates for Defence and Army Pensions for 2019 provides for gross expenditure in excess of €1billion (One thousand and seven million), an increase of €60 million or 6.4% over 2018. The 2019 provision comprises €758 million for Vote 36 Defence, an increase of over €50 million, and €249 million for Vote 35 Army Pensions, an increase of €10 million.

The Army Pensions Vote has a single programme entitled, *‘Provision for Defence Forces’ Pensions Benefits’*. It makes provision for retired pay, pensions, allowances and gratuities payable to, or in respect of, former members of the Defence Forces and dependents. Retirement pensions, gratuities and disability pensions account for 99% of all expenditure.

The 2019 Estimate provides a gross sum of over €249 million for the Army Pensions Vote. Some €239 million of this allocation covers expenditure on all superannuation benefits for former members of the Permanent Defence Force and certain dependants. Pension benefits granted are, for the most part, statutory entitlements once certain criteria are met.

There are currently some 12,480 pensioners paid from the Army Pensions Vote. During 2018, some 340 Defence Forces members retired on pension and a similar number is broadly anticipated for 2019.

As the Committee will be aware, it has been my stated intention to seek extra funding for military pensions as part of the overall future budgetary negotiations and solid progress has been made on that front. As announced in Budget 2019, the gross allocation for Army Pensions has been increased by €10 million to some €249 million for this year, which is very welcome. This builds on a funding increase of €9.5 million in the 2018 Estimates.

The *2018 Spending Review of Defence Forces Pensions Expenditure*, which was published with Budget 2019, was carried out as part of the 2018 round of spending reviews and was undertaken jointly by officials from the Department of Public Expenditure and Reform and my Department. The Review concluded, among other

things, that the underlying trend of rising military pensioner numbers is likely to be maintained into the coming years. The Spending Review recommended that the Army Pensions Vote should be allocated resources in line with the Review's cost analysis from 2019 onwards, to ensure that the full funding demands are met.

I now want to turn to Vote 36 Defence, which is delivered under a single programme entitled '*Defence Policy and Support, Military Capabilities and Operational Outputs*'. The Defence Vote of €758 for 2019 million includes a pay and allowances allocation of some €529 million, while the remaining non-pay allocation of €229 million provides mainly for the renewal and maintenance of essential equipment, infrastructure and standing and operational costs.

The pay allocation of €529 million for Vote 36 provides for the pay and allowances of over 10,400 public service employees, including 9,500 Permanent Defence Force personnel, 550 civilian employees and 355 civil servants and makes provision for increases due under the Public Service Stability Agreement 2018-2020. The Public Service Stability Agreement 2018-2020 contains proposals for increases in pay ranging from 6.2% to 7.4% over the lifetime of the agreement and by the end of 2020 the pay of all of those who earn less than €70,000 will be restored to pre FEMPI levels.

There has been ongoing recruitment within the Defence Forces over recent years at both enlisted personnel and officer level. This includes general service recruits, apprentices, cadets and direct entry officers. The current recruitment plan envisages some 800 new entrants being inducted across the Army, Air Corps and Naval Service this year. These recruits will avail of the highest levels of training and in return, the Defence Forces will benefit through the injection of energy and enthusiasm that every organisation, and particularly the Defence Forces, need. Promotions are also ongoing within the Defence Forces with some 600 promotions across all areas of the Defence Forces in 2018, meaning 1 in 14 serving members were promoted.

In 2017, under my direction, the Department of Defence brought issues of recruitment and retention in the Permanent Defence Force to the attention of the Public Service Pay Commission. The Department of Defence has provided data as requested by the Commission, for consideration and the Commission's work is ongoing. My Department will continue to engage throughout the process.

The budget allocation also provides over €2 million for Reserve Defence Force pay for 2019. This will allow for 26,000 training days for reservists this year. I acknowledge and appreciate the commitment and enthusiasm of the RDF members who provide voluntary service throughout the country and the Department's White Paper is clear that there is a continued requirement to retain and develop the Reserve Defence Force. A key ongoing challenge for the Reserve Defence Force is to recruit and retain personnel and two recruitment campaigns for the Army Reserve and the Naval Service Reserve are planned this year, one in March and a second in October.

The non-pay allocation comprises both current and capital elements. The current expenditure allocation of €123 million for 2019 provides mainly for expenditure on

on-going Defence Forces standing and operational costs such as utilities, fuel, catering, maintenance, information technology and training.

The capital expenditure allocation for Vote 36 has been increased to €106 million for 2019, an increase of €29 million. This represents an increase of 38% on the 2018 allocation. This will allow the Defence Organisation to undertake a programme of sustained equipment replacement and infrastructural development across the Army, Air Corps and Naval Service, as identified and prioritised in the Defence White Paper. Among the main equipment programme priorities planned for 2019 are the ongoing upgrade of the Army Mowag Armoured Personnel Carriers, replacement of the Air Corps Cessna Aircraft, purchase of Military Transport Vehicles and the mid-life refit of Naval Vessels.

The Government is committed to ensuring that the Defence Forces built infrastructure continues to be enhanced and modernised and to that end the Defence Vote makes provision for increased investment in this area, with over €28 million allocated for 2019, an increase of almost €5 million or 20.6%. There are a number of projects planned for 2019, which are progressing on a phased basis, to upgrade and maintain the infrastructure essential for the Defence Forces.

The overall capital allocation of €541 million for Defence for the period 2018 to 2022, as set out in the National Development Plan, emphasises the importance attached by this Government to ensuring that the Defence Forces have the capability necessary to deliver on all the roles assigned by Government. This funding will play a vital role in ensuring that the priorities identified in the White Paper can be met and that the Defence Forces can deliver fully across all roles.

I would now like to briefly mention some of the key roles and outputs delivered under the Defence Programme. The Defence Forces continue to make a considerable contribution in their international peace and security role. As of February 2019, Ireland is contributing 673 Permanent Defence Force personnel to 9 different missions throughout the world. In addition, personnel are deployed to a range of international organisations and National Representations.

The main overseas missions in which Defence Forces personnel are currently deployed are the United Nations Interim Force in Lebanon (UNIFIL) with 458 personnel and the United Nations Disengagement Observer Force (UNDOF) in Syria with 136 personnel. Until recently, Irish troops served as part of a joint Irish-Finnish Battalion in UNIFIL, including a small Estonian Platoon. Due to other National commitments both Finland and Estonia withdrew from the Irish-Finnish Battalion in UNIFIL in November 2018. As an interim measure, an additional contingent of approximately 106 Defence Forces Personnel have been deployed to the UNIFIL mission to cover the backfilling of the Finnish contingent for a 12 month period. This additional commitment will continue throughout 2019 as Ireland has assumed full duties and responsibilities of IRISHBATT up to November 2019. Efforts to source a partner country to replace the Finnish contingent are progressing well.

Since October 2017, the Naval Service has been participating in the EU Naval Mission Operation Sophia which specifically seeks to counter human trafficking and smuggling in the Southern Central Mediterranean. The question of a further deployment to Operation Sophia in the Mediterranean in 2019 is being considered in

the context of the ongoing situation in the Mediterranean and the overall EU response thereto; the demands on the Defence Forces; our overseas commitments; and available resources.

The Department of Justice and Equality and an Garda Síochána have primary responsibility for Ireland's domestic security supported, as required, by the Defence Forces as part of its Aid to the Civil Power function. This role is multi-faceted, and in 2018 included a varied set of tasks such as Garda Air Support missions, Central Bank security guards, prisoner escorts, Explosive Ordnance Disposal call-outs and Naval Service Diving operations.

The Defence Forces also provide assistance to the principal response agencies tasked with responding to major emergencies. By way of example in 2018, the Defence Forces were deployed on a number of missing person searches, the Naval Service conducted fisheries boardings, and the Air Corps undertook a number of Emergency Aeromedical Support missions. The professional competence shown by the Defence Forces in undertaking these roles is greatly valued and appreciated by all stakeholders and was further illustrated by the extensive and wide-ranging assistance provided in response to last March's severe weather emergency.

Civil Defence is also funded from the Defence Vote and remains a vital component within each local authority's emergency response arrangements. Volunteers from Civil Defence have responded very effectively when required, most notably during the aforementioned weather emergency. I have secured an additional €500,000 from the Dormant Accounts Fund in 2019 which will be used to enhance Civil Defence's four-wheel-drive capability. This will ensure that Civil Defence continues to perform its core function of supporting the Principal Response Agencies as set down in the 2015 White Paper on Defence.

The allocation of over €1 billion for the Defence Sector for 2019 emphasises the importance attached by the Government to ensuring that the Defence Forces have the resources necessary to deliver on all roles assigned by Government, both at home and overseas and demonstrates the Government's commitment to ensuring that the Defence Forces have the capabilities necessary to deliver on all their assigned roles.

Committee members have been provided with briefing material on the individual subheads for both the Defence and Army Pensions Estimates and I look forward to positive engagement on any issues you may wish to discuss.