



ICMSA

Submission

to the

Joint Committee

on Social Protection,

Community

and Rural Development

and the Islands

May 2023

Chairperson, Committee members, ICMSA wants to thank you for the opportunity to outline our views on reform of State Pension System in Ireland. We hope that along with these Joint Oireachtas Committee meetings and resources dedicated by the Government, State bodies, it will lead to a positive outcome in the coming years. There are many considerations to think about when reform of social protection policies but provision for pension reform is especially key to current and future generations as well as Government resources.

ICMSA represent farmers the length and breadth of this country and as a farmer representative body and we must lobby and work for the best interest of all our members. The Agri-food sector has continued to play a hugely important part in the growth of the Irish economy with Agri-Food exports to the fore. Irish Agri-food and drink exports were approximately €16.7 billion in 2022 supporting over 7% of total employment in our economy. It is essential not only for rural Ireland and farm families but also the national economy that future resources and policies recognises the contribution of Irish agriculture made by current, past and future farmers.

Irish agriculture plays a significant role in the Irish economy and in particular, the rural economy. The fabric of this rural economy is finely balanced to the whims of government policy. To be clear, agriculture has an aging population that is higher than the average in general society. But it must also be recognised that pension attainment in farmers is significantly lower and a conservative figure of 20% is believed to be the number of farmers that hold a private pension. Therefore, any changes to state pension policy needs to recognise the effects on farmers and farm families. What is required is certainty, this means that farmers know that policies will be put in place to support them and sustainably allows rural Ireland to flourish now and into the future.

In this regard, ICMSA have outlined some responses to the recommendations to the pension commission:

- **Maintaining the State Pension age at 66 and introducing a new flexible pension age model**
 - This flexibility needs to go further to allow those who work in more manual jobs such as farmers to retire earlier and ICMSA would like to see that lower band reduced to 60 for manual labour.
- **From January 2024, people will have the option to continue working up until the age of 70 in return for a higher pension.**
 - ICMSA again agree with this but would like the upper age increased for those who are trying to gain the higher pension rate.
- **As recommended by the Pensions Commission, move fully to a 'Total Contributions Approach' for calculation of individual pensions entitlements on a phased basis over 10 years starting in January 2024**
 - Recognition needs to be provided for those farm families where one spouse, mostly the female who was working equally on the farm without adequate contributions.
- **There will be enhanced State Pension provision for long-term carers to be introduced from January 2024. This will mean, for the first time, people who must give up work over a long duration to look after a loved one will have their time spent caring recognised in the pension system'.**
 - ICMSA agree with this position and feel there should flexibility and an appeal system in place for those who feel they are entitled to this pension.
- **The Department of Enterprise, Trade and Employment will introduce measures that allow, but do not compel, an employee to stay in employment until the State Pension age.**
 - ICMSA agree with this approach.

- **Workers will be provided with access to a PRSI contribution statement service each year in a manner that enables them to understand their entitlements.**
 - This should also include an outline to those who may not currently on course to fully comply with the TCA and gain the full contributory pension.
- **The long-term sustainability of the State Pension system will be addressed through gradual, incremental increases in social insurance rates over time.**
 - This approach must be a consultative approach with relevant bodies to ensure that there are no unforeseen issues that arise.
- **The level and rate of increase in social insurance rates will be determined on a structured basis every 5 years informed by the outcome of a statutory actuarial review.**
 - The process must be published in advance and representative bodies must be allowed to comment and engage in the process.
- **A commitment to explore the design of a scheme that would modify the current Benefit Payment for 65-year-olds to provide a benefit payment for people who, following a long working life, 40 years or more, are not able to remain working in their early 60s.**
 - ICMSA feel that this is an essential review that must take place as quickly as possible.

Farmers like all citizens need to ensure their financial needs are adequately provided for post-retirement. Therefore, continued saving in the form of a private pension needs to be further incentivised or improved for farm families. ICMSA believe that farmers must be encouraged to fund a pension each year and that the auto enrolment scheme that is to be introduced for PAYE must also see a scheme introduced for the self-employed.

Female farmers make up 16,100 of the 137,100 family farms in Ireland. But there are currently 71,700 women working on farms which is one quarter of an all workers on Irish farms and there are over 40,000 wives of farmers actively involved in the farm business. Most of these

women are not entitled to a contributory pension due to lack of knowledge around the current rules or the current rules not taking account of their involvement in the family farm. ICMSA is proposing that a solution is put in place to regularise these farm families in terms of receiving a pension. There must be a retrospective process whereby those that are close to pension age can avail of the contributory pension to recognise their hours dedicated to the family farm.

ICMSA Further Recommendations:

- *Given the volatility in farm incomes, the tax rules for pension contributions should allow for greater flexibilities in relation to annual contributions.*
- *A scheme for Auto enrolment for the Self Employed.*
- *Retrospective process where spouses and females actively working on farms must be eligible for the contributory pension.*

Thank you.

Pat McCormack – ICMSA President