

Submission to the Joint Committee on Arts, Media, Communications, Culture and Sport.

Addressed to Deputy Alan Kelly TD, Chairperson.

Prepared and submitted by the Association of Eircom Pensioners AOEP on behalf of all Eircom Pensioners.

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1. Introduction

This submission is made on behalf of Eircom pensioners to the Joint Committee on Arts, Media, Communications, Culture and Sport, chaired by Deputy Alan Kelly TD. It sets out the statutory guarantees given to staff who transferred from the Civil Service to Bord Telecom Éireann in 1984, the effect of the 2010 Defined Benefit Pension Accord on those guarantees, and the resulting hardship experienced by Eircom pensioners, particularly those on the lowest incomes. It also addresses relevant legal precedent and the shortcomings of the current dispute resolution process. The submission concludes with a specific request to the Committee, set out in full in Section 10.

2. Executive Summary

Eircom was established as Bord Telecom Éireann in 1984 under the Postal and Telecommunications Services Act 1983. Section 46(4) guaranteed that any superannuation scheme established in the new entity would be no less favourable than the terms in force in the Civil Service in 1983.

The 2008 financial crisis affected both Eircom and the Eircom Superannuation Scheme. In 2010, the company and the Trade Union Alliance agreed the 2010 Defined Benefit Accord to preserve Eircom and the Scheme. In summary, the Accord:

- Limited pay and pension increases;
- Gave Eircom unfettered discretion to withhold pension increases;
- Used Section 45 to circumvent Section 46(4), permitting portions of pay increases to be deemed non-pensionable;
- Changed the comparator used to determine pension increases; and
- Provided for no meaningful periodic review.

These limits breached the “not less favourable” clause of the 1983 Act, which had guaranteed pay/pension parity as practised from 1964 to 2010. The Accord limits pension increases to the lesser of 2.5%, CPI, or parity; no such limit existed in 1983, so current conditions are less favourable than those guaranteed by the Act.

Eircom’s discretion not to pay pension increases altered the actuarial assumptions used to calculate future benefit inflation. The 2007 report, assuming contractual parity, projected inflation of 3.75% to 4%; by 2010, the assumption of discretion had reduced this to 1.9%, lowering the Minimum Funding Standard (MFS). This also reinterpreted the Act by asserting that Bord Telecom Éireann could, in 1984, have withheld all pension increases from transferred civil servants — contrary to the legitimate expectation that pensions would continue as they had since 1964, or better.

Portions of pay increases were reclassified as non-pensionable for certain workers, so that parity applied only to the pensionable portion of future pensions. This reclassification was legitimately negotiated under Section 45. Its effect, however, was extended to Section 46 — which contains no provision for Company/Trade Union agreements — and applied to pensions already in payment, contravening Section 46(4). Thus, the comparator used to determine pension increases was changed from percentage salary increases to the newly agreed, contrived pensionable pay.

The Accord’s review clause tests only whether the scheme meets the Minimum Funding Requirement; it does not provide for consideration of restoring the conditions guaranteed under the Act.

The table below illustrates the effect of the Accord on Eircom pensions.

		Increase 2008–2026
Eircom	Pay	23.60%
Eircom	Pension	12.10%
Civil Service	Pension	24.50%
CPI		26.00%

We are seeking restoration of the pre-2010 conditions guaranteed under the 1983 Act.

3. Background Summary

As Mr Herne of the Post Office Pensioners United told this Committee:

“We were assured that job security, conditions of service and pension conditions would be ‘not less favourable’ than those that would have applied had we remained in the Civil Service. Particularly in the case of pensions, they would be ‘not less favourable’ than we would have received had we retired immediately prior to vesting day.”

Eircom pensioners are in a position like that of An Post pensioners. Both companies were formed under the Postal and Telecommunications Services Act 1983, though the two organisations have since evolved differently. We share a common sense of grievance at our treatment by the State and, in our case, by Eircom.

3.1 History

In the late 1970s, the Civil Service model of delivering postal and telecommunications services was found unworkable — for example, delays of up to five years for a telephone line, a prolonged postal strike in 1979, and a telephone strike in 1978. The State could not raise the capital required to modernise the largely manual telephone exchange system.

On 1 January 1984, roughly half of Ireland’s 56,000 civil servants transferred out of the Civil Service: 18,270 to Bord Telecom Éireann and approximately 10,000 to An Post. The Postal and Telecommunications Services Act 1983 gave legal effect to these changes. Three conditions were required before opposition politicians and staff would agree to proceed:

(1) Security of tenure; (2) Conditions of service; and (3) Pension scheme.

Section 45 of the Act covered conditions of service and permitted changes by agreement between the company and the Trade Union Alliance. Section 45(4) guaranteed tenure of office; there was no forced redundancy, and numerous agreements followed.

Staff numbers were reduced steadily, as shown below.

1984	2010	2025
18,270	4,792	688

(“Staff” denotes active members; the scheme closed to new members in 2010.)

Since 1984, the industry has undergone substantial technological change, requiring reassignment, retraining and relocation of a shrinking workforce — achieved through negotiation, without industrial action.

Section 46 of the Act covered the establishment of an Employee Superannuation Scheme for Bord Telecom Éireann service. No mechanism allowed the company and the Trade Union Alliance to renegotiate the “not

less favourable” clause in Section 46(4). Scheme changes permitting staff transfers to subsidiaries such as Eircell and Vodafone preserved Section 46(4) throughout, as did the company’s later privatisation.

In replies to Parliamentary Questions since 2008, several ministers have stated that the “not less favourable” clause applied only to the first Eircom Superannuation Scheme, established in 1988. This is incorrect: the Act requires that any subsequent schemes or changes also comply with the “not less favourable” provision. This guarantee secured staff acceptance of the 1984 transformation.

4. Reduced “D” Rate of PRSI Contribution

A further issue raised by Mr Herne was the reduced “D” rate of PRSI paid by the companies and transferred staff, which saved Eircom 8% of payroll — in earlier years, more than its employer pension contribution to the Main Fund. The State effectively subsidised Eircom by this amount annually, for staff recruited before 1995, so that the “not less favourable” clause could be honoured.

D-rate contributions carry limited benefits: employee contributions at this rate did not qualify staff for the Contributory State Pension. In retirement, staff face a pension now eroded within the fund, with no recourse to social welfare, despite decades of contributions to both systems. This mattered less while pensions remained guaranteed and inflation-proofed, and while wage inflation historically outpaced CPI. Staff recruited after 1995 pay the A rate and benefit from State Contributory Pension increases through their coordinated pension.

The consequences of not receiving a state pension extend beyond lost pension increases. The following are unavailable to non-recipients of a state pension or social welfare payment:

- The Over-80 Allowance;
- The Christmas Bonus;
- The Cost-of-Living Bonus;
- The Living Alone Increase and associated lump sum;
- The Qualified Adult Allowance;
- Dental and optical benefits;
- The Household Benefits Package (means-tested under age 70);
- Exemption from USC on the State Pension — the entire public service pension remains liable; and
- Other State supports, such as home insulation schemes.

5. Scheme Structure

Eircom’s Superannuation Scheme evolved differently from An Post’s, reflecting the company’s distinct trajectory. It was initially designed to pay pensions for all transferred grades, including pre-1984 retirees and preserved pensions. The State deposited funds to cover these liabilities, with the Minister liable for any shortfall — known as the No.2 Fund. The No.2 Fund was exhausted in 2021 and is now paid quarterly by the Minister for Communications/Finance on the Trustees’ invoice.

The comparator for pension increases was percentage parity with wage increases in the pensioner’s former Eircom grade. The 2010 No.2 Fund report confirms that pre-1984 retiree increases were linked to Civil Service pay; responsibility for these payments later moved to the Paymaster General, and subsequently the National Shared Services Office (NSSO), where the link to Civil Service increases continues. Post-1984 pensioners received Pension Parity increases with relevant Eircom grades until 2010.

The Main Fund, a fully funded defined benefit scheme covering Eircom service liabilities, contributed more than €90 million to the Exchequer during the pension fund levy period.

An exception to grade pay parity increases applied to staff on Personal Contracts, whose performance-related pay fell outside industrial relations agreements; their pension comparator was the average increase awarded on comparable contracts. The Trustees maintain that all contracts, including company commitments on pension conditions, lapse on retirement — an interpretation we dispute.

6. The 2010 Defined Benefit Pension Accord

In 2010, having lost significant value in the economic crash, the Main Fund was projected to fail the Minimum Funding Requirement, while the company faced its own financial difficulty. This led to the 2010 Accord, which restricted pay and pension increases and altered how increases were classified as pensionable or non-pensionable, depending on scheme membership, as outlined in the Executive Summary above.

For example, a Defined Contribution scheme member earning €40,000 receiving a 5% increase would have the full amount treated as pensionable. A Main Fund member receiving the same increase would have only €400 treated as pensionable, with the remaining €1,600 non-pensionable — an effective pensionable increase of 1%. This reduced rate is used to measure parity under the Accord and applied to pensions already in payment.

6.1 Discretionary Increases

Around this time, the company asserted that pension increases had always been discretionary, meaning it need never have paid any increase since 1984. This claim rests on the word “may” in the scheme rules:

“The company may grant such increases in such pensions and preserved pensions under this Scheme as may be authorised from time to time by the Minister with the concurrence of the Minister for Finance.”

In 1983, this discretion was explained as resting with the Minister, given his responsibility for the Posts and Telegraphs portion of the pension and the need to protect the public purse. This discretion applies to both the Main Fund and the No.2 Fund. The company’s claim to hold equivalent discretion renders the scheme less favourable than in 1983. The Minister holds comparable discretion over Civil Service schemes but has never exercised it: pensions were reduced under FEMPY without breaking the link to parity.

The claim of discretion and the Accord also altered the actuary’s assumptions. The 2007 triennial report, treating increases as contractual, projected future benefit inflation of 3.75% to 4%. The 2010 report, reflecting discretion and the Accord, reduced this to 1.9%, lowering both the Minimum Funding Requirement and the likelihood of a deficit arising without further contributions.

Three options were considered for the shortfall: (a) the company covering it, which it claimed unable to do; (b) higher contributions from members and the company; or (c) applying the Accord to existing pensions. Only serving members — 5% of ESS membership — could vote, and they chose option (c). The Accord was agreed despite the company having no resources to save itself or the Scheme; it entered examinership on 30 March 2012.

According to the Irish Times (13 February 2024), eir had by then paid almost €2 billion in dividends to its shareholders. A further dividend of €195 million was reported on 12 March 2026 — almost double 2025 profit.

The 2022 Main Fund actuary report records €24 million absorbed by the fund for a liability arising “as a consequence of a JCC agreement” (Joint Consultative Council, typically a company/Trade Union Alliance agreement). Correspondence with AON, the Trustees, between April and July 2023 produced no explanation; neither the Trustees, the actuary, nor the Pensions Authority would clarify the matter. This appears to be a written-off company liability of €24 million, or part thereof, coinciding with substantial shareholder dividends. We ask the Committee to seek an explanation from the Trustees.

Mr Herne’s testimony noted that the An Post scheme, being in good standing, has relaxed its pensionable/non-pensionable restriction: future pay increases are now fully pensionable.

We have a legitimate expectation that the company will honour its obligation to restore our pensions to the “not less favourable” position enshrined in the 1983 Act.

6.2 The Impact of the Accord on Lower-Paid Eircom Pensioners

The 2025 Superannuation reports record 12,657 Main Fund pensioners receiving €150.243 million, an average of €11,870 annually. The No.2 Fund covers 12,247 pensioners, paying €71.443 million, an average of €5,833.

Fund	Pension Payout	Pensioners	Average Pension
Main Fund	€150,243,000	12,657	€11,870
No.2 Fund	€71,443,000	12,247	€5,833

The 2.1% increase agreed in August 2025 and paid in May 2026 added €4.78 per week to the average Main Fund pension and €2.35 to the average No.2 Fund pension, while the State Contributory Pension rose €24 over the same period.

The No.2 Fund is the Minister for Communications’ direct responsibility. Withholding increases from these pensioners would be difficult to justify if applied in comparable circumstances elsewhere in the public service — for example, to teachers who began service before 1984.

The table below sets out price increases between 2010 and 2026, as recorded by the SEAI and CSO, against the increase in Eircom pensions over the same period.

Heating Oil	Gas	Electricity	Food (since 2022)	Inflation (CPI)	eir Pension
61.44%	63.27%	55.61%	>30%	29.33%	12.10%

Older persons spend a disproportionate share of income on food and fuel. A loaf of bread costing €0.85 in 2010 costs almost €2.00 today; the pension increases received over that period amount to an affordable price of only €0.97.

The table below shows the divergence between Eircom pension increases and Civil Service and CPI rates; a full comparison remains difficult until FEMPY is fully unwound.

		Increase 2010–2026
Eircom	Pay	23.60%
Eircom	Pension	12.10%
Civil Service	Pension	23.50%
CPI		26.00%

E&OE

The Accord applies to pensions for P&T service before 31 December 1983 and to service from 1 January 1984, even though the company and the State maintain no obligation to pay any increase. Pre-1984 service is funded by the No.2 Fund; post-1983 service by the Main Fund. Pre-1984 retirees continue to receive full Civil Service parity increases — for example, a person retiring in 1983 with 20 years' Posts & Telegraphs service received a 23.5% increase, while a post-1984 retiree for the same service received a 12.1% increase. This inequality between pre- and post-1984 retirees should be rectified immediately.

7. Legal Precedent: The Vodafone Case

In a recent High Court case, the Trustees of the Vodafone Ireland Pension Plan (VIPP) argued that the pension rules in force at retirement should govern the calculation and payment of increases. VIPP Scale C covers staff who worked in P&T before 1984, transferred first to Eircell and later to Vodafone, with the “not less favourable” clause carried across each transfer.

The Court's decision, upheld on appeal, required Vodafone to pay parity increases and to recalculate pension payouts, accordingly, using the average company-wide pay increase as comparator. Vodafone further committed to continue paying parity increases elsewhere, though it disputes any obligation to do so, subject to affordability. The scheme rules' basis traces to the 1983 Act and is consistent with our understanding of the Minister's discretion as set out in 1983. This is a simplified but representative summary of the case.

In an earlier case, Vodafone sought judicial review to prevent the Financial Services and Pensions Ombudsman (FSPO) from hearing a pensioner's appeal, arguing it exceeded the statute of limitations. Mr Justice Simons rejected this, holding that normal limitation periods do not apply where the alleged wrongdoing is continuing.

8. The Internal Dispute Resolution Process

The Internal Dispute Resolution (IDR) process for Eircom pensioners requires attention. A pensioner raising a dispute writes to the Registered Administrator, who typically issues an unfavourable decision and directs the pensioner to invoke IDR. The Trustees then review the matter, usually upholding the original decision. The pensioner may then appeal to the Minister; there is no mechanism to involve the company at this stage.

By this point, the pensioner has approached three entities within the same scheme, expecting a different outcome from one of them. The Ministerial appeal is routed through the Department of Communications, the Department of Finance, and the Department of Public Expenditure and Reform, and can take months or years. Only after this negative determination can the matter proceed to the FSPO, which is itself under significant strain and can take considerable time to accept and determine a case. Some cases have taken upwards of six years to resolve — a serious concern, given that twenty per cent of people who reach age 70 will not reach 80.

This issue was also raised at the Committee's hearing with An Post pensioners on 13 May 2026.

Elsewhere, IDR denotes Independent Dispute Resolution, with an independent committee assessing each case. The Eircom process would benefit from genuine independence, and from a mechanism to hold the company accountable.

9. Summary Assessment

The 1988 Scheme was considered fit for purpose, replicating 1983 conditions and guaranteeing a “not less favourable” future. Subsequent amendments were agreed only on the insistence that the “not less favourable” clause would remain intact.

The Accord arose from the temporary effects of the financial crash on the Main Fund and the company’s temporary financial difficulty. It left a fully funded defined benefit scheme without adequate resources, and a company unable to meet its debts or fund any shortfall, despite an ongoing State subsidy equivalent to 8% of payroll. No meaningful periodic review clause was included; the existing clause tests only continued Minimum Funding Requirement compliance, not the feasibility of restoring “not less favourable” conditions or unwinding the Accord.

This scheme also determines the quantum of increases to pensions, funded by the Minister, for service outside Eircom. Pensioners alone bear the resulting cost.

10. Conclusion

For the reasons set out above, we ask the Joint Committee on Arts, Media, Communications, Culture and Sport to:

1. Grant us a hearing;
2. Invite the Department of Communications and the Department of Public Expenditure and Reform to explain their position, and specifically to:
 - a. Clarify, after 24 years, what became of the “not less favourable” clause and the basis for the discretion claim;
 - b. Justify the discriminatory application of pension increases;
 - c. Challenge the application of the Accord to pre-2010 retirees and restore the pre-2010 conditions guaranteed under the Act; and
 - d. Apply historical Civil Service pension increases (2015–2026) to the portion of pension for which the Minister is responsible, as occurred when FEMPY was unwound;
3. Invite the company to justify its continued application of an Accord drafted by a bankrupt company 15 years ago, and to:
 - a. Restore pre-2010 conditions immediately, as set out at 2(c) above;
 - b. Commission an urgent actuarial report using the 2007 report’s assumptions;
 - c. Accept responsibility for any resulting Minimum Funding Requirement shortfall; and
 - d. Introduce a workable Independent Dispute Resolution process in agreement with the Minister and the Trustees;
4. Invite the Trustees to explain:
 - a. Their role, if any, in the Accord; and
 - b. The nature of the €24 million liability write-off referenced in the 2022 actuary report.

We thank the Committee for its consideration of this submission. Supporting sources for all facts cited are available on request. Pension outcomes vary among Eircom pensioners; however, with an average No.2 Fund pension below €6,000, there is little capacity to absorb further erosion. Affected pensioners are predominantly in their mid-seventies or older, having entered the Civil Service in their teens, 50 to 70 years ago. We consider their treatment to raise a serious question of fairness.

We hope the Committee will see fit to consider our case, and we look forward to hearing from you.