

The Relevant Extract from the Actuarial Report compiled for 24/7 Alliance Members is outlined hereunder:

1. Executive Summary

We have been requested by the “24/7 Frontline Services Alliance” to illustrate the possible effects of the proposed Croke Park 2 agreement on annual gross earnings in the public sector.

The proposed agreement results in the following:

- Extra unpaid hours
- Reduction in overtime pay
- Reduction in allowances
- Pay increment freeze

As there are numerous work arrangements for each category of employee, we have used examples based on assumptions regarding the average employee.

The table below gives a summary of the worked examples shown in this report.

Example Employee	Pre-agreement Gross Pay	Gross Loss Per Annum Allowing for Additional Hours and Increment Freeze	% Reduction Suffered
Psychiatric Nurse	€48,860	€5,441	11.1%
Staff Nurse	€51,772	€6,112	11.8%
Care Assistant	€41,945	€3,811	9.1%
Garda	€53,994	€1,955	3.6%
Garda Sergeant	€62,005	€2,248	3.6%
Garda Inspector	€68,628	€2,401	3.5%
Fire Fighter	€60,457	€1,836	3.0%
Paramedic	€36,711	€3,498	9.5%
Executive Officer	€45,616	€3,356	7.4%
Higher Executive Officer	€55,415	€4,102	7.4%

Senator	€65,621	€621	0.9%
---------	---------	------	------

2. Introduction

The current Public Service Agreement (Croke Park Agreement) is a four year agreement, beginning in June 2010 and extending to June 2014. The Government and some Congress Unions have proposed a range of measures to replace the Croke Park Agreement under the auspices of the Labour Relations Commission. The proposed agreement, subject to ratification by the parties, would apply for a period of 3 years from 1st July 2013.

The following pay-reduction measures are included amongst the proposals:

- Additional working hours
- Reduced overtime pay
- Reduced Sunday premium payments
- Elimination of twilight payments
- Delay of pay increments
- Reductions on higher remuneration
- Sector specific measures for prison service, education sector and defence forces

In addition, allowances, travel and subsistence payments will be reviewed. The Government also intends to reduce public service pensions in line with the proposed pay reductions to be applied to serving public servants.

This report provides the “24/7 Frontline Services Alliance” with illustrations of the impact of the proposed pay-reduction measures on gross earnings in the public sector.

The calculations reported herein have been made on the basis of example members in each category. The numbers will vary if alternative assumptions are used.

The report is prepared for the “24/7 Frontline Services Alliance” and should not be disclosed to other parties without the consent of Joseph G. Byrne & Sons Consulting Actuaries Limited. Joseph G. Byrne & Sons Consulting Actuaries Limited will not accept any liability to any third parties in respect of the contents of this report.

As such this report should not be used or relied upon by any other person for any other purpose, including, without limitation, by individual public servants for financial decisions, and those persons should take their own professional advice on such decisions.

3. Impact of Proposals on Gardaí

3.1. Additional Working Hours

Gardaí may not be affected by this measure. If this is the case, Divisors used for the calculation of overtime and premium payments will not be affected.

3.2. Overtime

Salary up to €35,000 per annum:

For those on salaries up to €35,000 gross per annum, inclusive of allowances in the nature of pay, overtime will be paid at 1.5 x time at the first point of the pay scale.

Salary above €35,000 per annum:

For those on salaries of €35,000 gross per annum or greater, overtime will be paid at 1.25 x time at the individual's current pay scale point.

Weekday and Saturday overtime is current paid at 1.5 x time at the individual's current pay scale point. Public holiday and Sunday overtime is current paid at 2 x time at the individual's current pay scale point.

3.3. Sunday Premia

At present, Gardaí are paid at 2 x time for work on a Sunday or public holidays. It is proposed that they will be paid at 1.75 x time.

3.4. Twilight Payments

At present, Gardaí are paid at 1.1667 x time for twilight work. It is proposed that twilight payments will be removed.

3.5. Increments

Salary up to €35,000 per annum, and not at top of pay scale:

The public servant will have to wait 3 months longer for the increment after next.

The average increment on the pay scale brings an average 4% increase in basic salary across the Garda, Sergeant and Inspector pay scales.

As overtime and some premia are calculated upon basic pay, the Garda will consequentially also suffer a further loss of overtime and premia during the extra waiting period.

It is also possible that the waiting period could result in a Garda retiring at a lower pay scale point. This would result in a lower retirement gratuity and a permanently lower pension.

Salary above €35,000 per annum, and not at top of pay scale:

The next 2 increments will each be delayed by 3 months each.

Public servant at top of pay scale:

Those at the top of their pay scale will lose 6 days' paid leave over the life of the agreement.

The impact of the proposed increment changes is further complicated when a public servant's salary exceeds €35,000 per annum or reaches the top of the pay scale during the life of the agreement.

3.6. Worked Example for a Garda Sergeant

Assumptions:

- For illustration purposes, this example is based on the current basic salary of €51,385 gross per annum for a Sergeant who is at the top of the pay scale and joined An Garda Síochána before 6th April 1995.
- The assumed hours worked and the hourly rates for overtime and allowances pre and post agreement are as follows:

	Assumed Hours Per Annum	Pre-agreement Gross Per Hour	Post-agreement Gross Per Hour
Overtime	45	€36.06	€30.05
Sunday Premium Uplift	187	€24.64	€18.48
Twilight Payments	122	€4.01	€0.00

- Their basic pay will be reduced by half of the last increment over the life of the agreement. We have assumed an annual reduction of one-third of the total reduction.

The reduction in earnings can be summarised as follows:

	Hours	Pre-agreement Gross Per Annum	Post-agreement Gross Per Annum	Loss Gross Per Annum	% Loss
Basic Earnings		€51,385	€51,385	€0	
Rent Allowance		€4,018	€4,018	€0	
Overtime	45	€1,623	€1,352	€271	
Sunday Premium Uplift	187	€4,608	€3,456	€1,152	
Twilight Payments	122	<u>€489</u>	<u>€0</u>	<u>€489</u>	
Total Gross Pay		€62,123	€60,211	€1,912	3.1%
Theoretical Cost of Additional Hours	0			€0	
Theoretical Cost of Increment Freeze				<u>€336</u>	
Total Loss Allowing for Additional Hours and Increment Freeze				€2,248	3.6%

The reduction in earnings allowing for the theoretical cost of having to work additional hours and the increment freeze is approximately 3.6% of pre-agreement assumed total pay.

The figures shown above are before deduction of pension contributions, Pension-related Deduction, income tax, P.R.S.I. and Universal Social Charge. The proposals include a provision to reduce the Pension-related Deduction by €125 per annum.

3.7. Worked Example for a Garda Inspector

Assumptions:

- For illustration purposes, this example is based on the current basic salary of €57,243 gross per annum for an Inspector who is at the top of the pay scale and joined An Garda Síochána before 6th April 1995.
- The assumed hours worked and the hourly rates for overtime and allowances pre and post agreement are as follows:

	Assumed Hours Per Annum	Pre-agreement Gross Per Hour	Post-agreement Gross Per Hour
Overtime	45	€40.17	€33.48
Sunday Premium Uplift	187	€27.45	€20.59
Twilight Payments	122	€4.46	€0.00

- Their basic pay will be reduced by half of the last increment over the life of the agreement. We have assumed an annual reduction of one-third of the total reduction.

The reduction in earnings can be summarised as follows:

	Hours	Pre-agreement Gross Per Annum	Post-agreement Gross Per Annum	Loss Gross Per Annum	% Loss
Basic Earnings		€57,243	€57,243	€0	
Rent Allowance		€4,018	€4,018	€0	
Overtime	45	€1,808	€1,507	€301	
Sunday Premium Uplift	187	€5,133	€3,850	€1,283	
Twilight Payments	122	<u>€544</u>	<u>€0</u>	<u>€544</u>	
Total Gross Pay		€68,746	€66,618	€2,128	3.1%
Theoretical Cost of Additional Hours	0			€0	
Theoretical Cost of Increment Freeze				<u>€273</u>	
Total Loss Allowing for Additional Hours and Increment Freeze				€2,401	3.5%

The reduction in earnings allowing for the theoretical cost of having to work additional hours and the increment freeze is approximately 3.5% of pre-agreement assumed total pay.

The figures shown above are before deduction of pension contributions, Pension-related Deduction, income tax, P.R.S.I. and Universal Social Charge. The proposals include a provision to reduce the Pension-related Deduction by €125 per annum.

