



Permanent Defence Force Pay

**Further cuts
not Justified**

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The Case for No Further Cuts

Introduction

PDFORRA is strongly of the view that soldiers, sailors and aircrew have made their contribution to the budgetary crisis that is facing the State and the people of Ireland.

This submission makes this case – and grounds it on the pension levy; the earnings of members of the Permanent Defence Force (PDF) in comparison with private sector equivalents; the reform process undertaken in the Defence Forces; the very small GDP spend on Defence; the impact of the Public Service Moratorium on Recruitment and Promotion and the implementation of the McCarthy report.

The submission concludes that no evidence exists that members of the PDF are paid more than their private sector counterparts. Indeed, between the impact of the pension levy on pay and other pay survey statistics, the Defence Forces are earning less than their private sector counterparts.

It also concludes that a very large part of the McCarthy Recommendations will be met by the Defence Forces before the Government meets to announce its budget and that the target of 6.85% of cuts will be met in the Defence Forces before 2010.

Given these facts it is clear that no case exists for cutting the pay of PDFORRA members of the PDF.

Impact of Pension Levy

Members of the Defence Forces receive modest incomes in respect of their work on behalf of the State and the people of Ireland.

Despite this they have, along with other Public Sector workers, paid a significant share of the increased income, health and pension levies at an extent that goes beyond those of other PAYE workers. The following table outlines the impact of the increased deductions in 2009.

Pay	PAYE Worker	Member of the Defence Forces
€31,500	€945	€2,345
€40,953	€1,512	€3,602

Members of the Defence Forces have experienced more than double the deductions that other PAYE workers have undergone. This difference is due to the imposition of a pension levy of approximately 7.5% on the pay of members of the Defence Forces and other Public Servants. In practice this is a pay cut.

The effect of the pension levy has been to lower the standard of living of members of the Defence Forces and to create real difficulties and hardship. This is particularly the case with those who have taken out mortgages in the last decade and find themselves struggling to continue their payments.

Against this background further pay cuts for members of the Defence Forces would be excessive and will lead to further hardship.

Defence Forces Pay v Private Sector Comparators

In relation to the argument that members of the Defence Forces are paid more than their private sector equivalents, PDFORRA is clear that there is no evidence that this is the case.

The Central Statistics Office (CSO) in its Public Sector Average Weekly Earnings database calculates that the figure for the Defence Forces in June 2009 as €808.45. However, a pension levy of the order of €40 per week is now deducted from this figure giving a more realistic figure of €768.45. This is a modest figure and, of course, the majority of enlisted personnel represented by PDFORRA earn less than this figure. Approximately 50% of soldiers, sailors and aircrew are of Private rank who earn a basic €704.67 per week at the maximum of the scale before deduction of the pension levy.

The CSO in its Average Earnings and Hours Worked for Main Categories of Employees figures calculated that in December 2008 the average earnings for clerical and operative workers were €822.38. This is ahead of the 2009 figures for the Defence Forces and is unlikely to have changed in the interim period.

It is also the case that members of the Defence Forces receive very small payments in addition to their basic pay. In 2008 additional payments represented only 9.5% of the pay bill for members of the Defence Forces. This is very small recompense for service in difficult circumstances including overseas on UN missions in very difficult environments where life and limb are under threat and at sea with the Naval Service in equally difficult circumstances.

Much criticism has been made of the benchmarking payments awarded to Public Servants. In terms of the ordinary enlisted personnel of the Permanent Defence Forces it will come as no surprise that over the period covering two benchmarking exercises the increases awarded were only 4% for the overwhelming majority of enlisted personnel.

Finally in October 2009 the ESRI published its Working Paper No. 21 'The Public-Private Sector Pay Gap in Ireland: What Lies Beneath? It provides a sub-sectoral analysis of changes in the public-private sector pay gap in Ireland between 2003 and 2006. This paper found that the Defence Forces earned less than their private sector counterparts during the period covered by the analysis. It is highly unlikely that the position has changed since 2006.

In practice no evidence from any source has shown that members of the PDF are paid more than their private sector counterparts. Indeed, the evidence from the ESRI combined with the impact of the pension levy points to members of the Defence Forces being paid less than their private sector counterparts. In these circumstances further pay cuts for members of the PDF cannot be justified.

Defence Force Reform

The Permanent Defence Force has undergone fundamental reform and seen its numbers reduced significantly since the 1996 Defence Forces Review Implementation Plan. The numbers in the PDF have been reduced from 12,750 to the current figure of 10,081 which represents a 21% reduction in strength.

	Strength	Loss
<i>DF Strength (1996)</i>	12,750	-
<i>Review of Implementation Plan (1996)</i>	11,500	- 1,250
<i>White Paper on Defence (2000)</i>	10,750	- 750
<i>Public Sector Rationalisation (2003)</i>	10,500	- 250
<i>Public Service Moratorium on Recruitment (Nov - 2009)</i>	10,081	- 419
<i>DF Strength 1996 to 2009</i>	12,750 to 10,081	- 2,669

Allied to this was the introduction of contracts providing for shorter periods of service which are linked to performance targets being met at key stages during service. Organisational structures were fundamentally changed to re-configure the PDF and wholesale re-equipment has taken place – all funded through pay savings.

The new organisation conducts high levels of collective training, continues to provide support in aid to the civil power, has increased the amount of Naval Service (NS) patrol days by 50% with one less ship than initially planned and meets the Government commitment to provide 850 personnel to the United Nations Standby Arrangements System (UNSAS).

The total numbers of barracks have been reduced from 29 to 20 in addition to the disposal of a number of smaller properties and land.

The reform process has been fully implemented and has seen the Defence Forces cut to the bone. In this context further cuts to pay are not warranted.

Defence Spending as a percentage of GDP

As a proportion of GDP Ireland's Defence spending is lowest among the 27 European Union (EU) member States. Ireland's spend is just over 0.5% of GDP and comes just behind those of Luxembourg at 0.58% and Malta on 0.66%. The EU average for Defence spending as a percentage of GDP is 1.69%.

The Irish Defence spend as a proportion of GDP has fallen from 1% in 1997 to just over 0.5% in 2007.

It is hard to see how further cuts in spending could leave a credible organisation particularly when compared to other EU member states. It also calls into question the fairness of further cuts in Defence spending.

Impact of the Moratorium on Recruitment and Promotion

The Moratorium on Recruitment and Promotion in the Public Service has seen the numbers serving in the Defence Forces reduced by nearly 500 or 4.9%. In addition, many individuals are carrying out the duties of colleagues who have left that were of equal or higher rank without additional remuneration. As with all public sector organisations subsistence and mileage rates have been cut by 25%.

The cumulative savings from the reductions in overall numbers, the reduction in promotional posts and the cuts in subsistence and mileage will bring the PDF close to the Government's target of a 6.85% reduction in spending for 2010. To cut the pay of PDF members on top of this would be to penalise them twice and, accordingly, would be a totally unjustified action.

The McCarthy Report Recommendations for Defence

The main recommendations of the McCarthy Report that impact on the PDF were as follows:

- Reduce the numbers in the Defence Forces by 500 within a 2 to 3 year period
- Extend the time-frame for the NS vessel replacement programme

The recommendation for a reduction in PDF numbers of 500 will be achieved, despite PDFORRA's disagreement, by the time the Government delivers the budget in December 2009 through the Public Service Moratorium on Recruitment and Promotion.

The NS vessel replacement programme is already overdue and existing vessels are at the end of their operational lifespan. Members of the Defence Forces continue to operate these aging vessels to a high standard and to exceed commitments in terms of patrol days.

Conclusion

It is clear that through the pension levy members of PDFORRA pay over twice as much tax as other PAYE workers – and that this is, in effect, a pay cut on a group who manage on modest incomes. Moreover, despite suggestions that members of the Defence Forces are paid more than their private sector equivalents, no evidence to this effect can be found. Indeed, the evidence suggests that the contrary is the position.

The reforms that have been implemented in the Defence Forces have seen numbers drop significantly from 12,750 in 1996 to 10,081 in 2009 and have left very little scope for further cuts if the state wishes to retain a credible organisation. Indeed, this position is backed by the very low defence spend compared to other EU states.

It is clear that between the Public Service Moratorium on Recruitment and Promotion and other associated cutbacks that the Defence Forces will fulfil some major McCarthy Recommendations by the end of 2009. Indeed, it is very likely that the Government target of 6.85% of cuts from the pay bill will be met in the Defence Forces before 2010.

Against this background PDFORRA believes that no case exists for cutting the pay of its members in the Defence Forces.