

SUBMISSION TO THE LABOUR COURT – PAY CLAIM

REF NO: CD/17/50

1. Chairman, members of the court the claim before you today concerns a pay claim made on behalf of Iarnród Éireann staff. This claim has been the subject of previous Labour Court referrals the most recent one being on the 31st July. This further hearing comes about following two days of strike action by all Trade Unions within Iarnród Éireann.
2. The Court will recall from our previous submissions the extent of the financial crisis within Iarnród Éireann. This financial crisis has led to the following:
 - Accumulated losses of €160m
 - Further losses forecast in 2017 of €5.8m
 - Shareholder Funds reduced to approx. 22% leaving the company almost insolvent and in danger of trading recklessly.
3. It is also vital that in any discussion the Rail Review and its findings are factored into the equation. The Court will recall from our most recent hearing that the Rail Review, published by the National Transport Authority (NTA), outlined that the Iarnród Éireann were under funded to the tune of €103m per annum.
4. The Trade Union Group have stated that improved passenger numbers and increasing revenues could fund their pay claim. This situation needs to be understood more fully. The Rail Review, referred to above, assumes passenger revenues in 2018 will reach €203.6m. The budget approved at Iarnród Éireann's October Board meeting set the Company a challenging revenue target for 2018 slightly ahead of the Rail Review at €205.6m but it needs to be understood that the budget was only approved by the Board on the basis that funding, in line with the Rail Review, was provided by the NTA and the DTTS, this has not been confirmed.
5. From point 4 above it can be seen that current revenue performance was assumed when concluding the Rail Review during 2016.
6. Following our engagement in the Court on the 31st July the Chairman of the Court wrote to all parties outlining that we should return to the WRC and outlined the following *"The Court asks that the engagement at the WRC should take place over a period of five weeks and that any unresolved issue at the expiry of that time frame be referred back to the Court for final recommendation"*.

It is in the context of this correspondence that this hearing is taking place.

7. Chairman, during September there were 3 engagements under the auspices of the WRC and unfortunately discussions broke down following our engagement on the 27th. Following this the Trade Unions issued notice that they intended to ballot their members for strike action.

During the balloting process a further date of conciliation was agreed for the 19th October. Again unfortunately agreement was not possible and following completion of the balloting process on the 20th & 25th October we received notice of 5, 24 hour stoppages commencing on the 1st November with further dates of 7th November, 14th November, 23rd November and 8th December.

8. Chairman during all our engagements at the WRC and the Labour Court we have consistently outlined that the company's financial situation does not allow for pay increases that are not facilitated by efficiency measures delivered through payroll and non-payroll savings. This position is now even more critical following 2 days of strike action and further losses of €900,000 per day, offset by cost savings of €300,000 per day leaving a net shortfall for the 2 days of €1.2m

During the course of our most recent engagements at the WRC we sought a number of efficiency measures that would contribute towards the cost of a wage increase. At no stage of our discussions did the Trade Unions commit to more than discussions on these items. This stance has effectively hamstrung the company from being in a position to come near meeting the aspirations of the Trade Unions. During the course of our engagement on the 19th October the company made attempts to modify its position, increase the percentage on offer and to deal constructively with the claim as made.

However despite this where we stand today is that the Trade Unions have modified their claim of a no strings increase of 3.75% down to 2.75% per annum with some backdating involved. It is imperative that the Court are aware that backdating is not possible in any circumstances.

In light of the Trade Unions refusal to fully engage with discussions on efficiency measures the Company amended its position to focus on a one year offer of 1.75% and proposed that an element of this increase could include non-payroll efficiencies which would need to be identified. The Company further proposed to continue dialogue during the term of this offer to try and identify further savings to fund increases during 2019 and 2020.

9. As referenced earlier due to our financial situation we believe it is not possible to afford no strings wage increases. This situation has been exacerbated by the recent strike days and such losses will have to be recouped in order to assist stability within our finances. However we have pointed the Trade Unions in a direction in which we believe that we can free up the funds required to afford such an increase. The following or a combination of the following would see us in a position to do so:
 - Self funding from delivery of efficiency measures.
 - Increases in subvention - The Court's attention is brought to the fact that the Rail Review findings are currently being considered by Government and that both the Passenger Services Contract (with the NTA) and the Multi Annual Contract (with the Department of Transport Tourism & Sport (DTTS)) are due for renewal during 2018. These provide an opportunity to negotiate new funding levels for the Company and the organisation is committed to make all reasonable efforts to secure funds from the DTTS and the NTA in order to assist in funding pay increases. Potential pay increases for 2019 and 2020 need to be considered in light of these re-negotiations.
 - If passenger revenue exceeds the amounts outlined in our budget a proportion could be used to assist in funding pay increases.

The Company has no other way to address the Trade Unions claim.

10. Efficiency measures proposed but not accepted within the one year deal of 1.75% are outlined below:

- Introduction of monthly pay by EFT.
- Revised surplus staff redeployment policy, limited to one offer of alternative employment.
- Reduced station staff levels with surplus staff offered alternative roles on board Intercity services. Where positions do not exist Voluntary Severance will be offered.
- Revised policy aimed at reducing levels of absenteeism.
- Introduction of a vehicle management system on the road fleet.
- Full compliance with Railway Safety Act 2005 with regard to medical assessments.

Whilst the Company has identified a whole series of further potential efficiency measures these will take time to discuss and agree, the items above on the other hand can be implemented more quickly, however, taking the most optimistic view of the potential savings accruing from these would equate to an increase of approximately 1%. Given this position the Company offered to try and close the gap to 1.75% from non-payroll efficiencies.

We are willing to continue engagement for a defined period to try and agree productivity measures based on the items outlined during WRC discussions to assist in funding further pay increases in 2019 and 2020. A full list of the efficiency measures identified to date is attached as Appendix 1. If it assists this engagement could be facilitated by an independent chairman.

11. Chairman, in conclusion we must re-iterate the following points:

- (i) No strings attached pay increases are not possible considering our financial situation.
- (ii) The financial situation is further worsened by the losses incurred during the recent strike days.
- (iii) The embedding of any further cost in the organisation without efficiency/productivity measures to offset these costs, would not be possible and would ultimately impact on the job security of all our 3800 employees.
- (iv) Whilst we are only in a position to commit to a one year deal based on the measures currently on the table we are willing to examine other measures to facilitate increases in 2019 and 2020.
- (v) The company is willing to not only seek cost savings but also to use additional revenue (where such is realised) to assist in the funding of increases.
- (vi) The company are willing to make the case to the DTTS and the NTA in order to hopefully acquire additional funding to also assist in this process.

Chairman, Members of the Court Iarnród Éireann is totally committed to resolving this dispute and finding ways to meet some of the aspirations of our employees in a manner that is responsible and ensures the future viability of the organisation. In light of the above we would request that you recommend increases that are fair, in line with the company's financial situation and supported by the necessary efficiency measures.

Appendix 1

Potential Productivity Initiatives to Fund Pay Increases

#	Detail
1	Introduction of monthly pay by EFT
2	No strike clause for the duration of agreement
3	Amend existing surplus staff policy from 3 options for redeployment to 1.
4	Rostering Efficiency.
5	A Performance Management Scheme will be introduced, which will outline to each individual what performance levels are required of them. Employees who fail to deliver against their performance improvement plans would potentially face disciplinary action.
6	A revised policy aimed at reducing levels of absenteeism.
7	Increment freeze (note: this was withdrawn during the engagement of the WRC)
8	Introduction of Vehicle Management System on the Road fleet.
9	Full compliance with Railway Safety Act 2005 with regard to medical assessments.
10	Rostering Efficiency.
11	Introduction of 4 staff layers i.e. Management, Supervisory, Clerical / Executive, Operative. All new entrants will take up roles as per this structure.
12	Revised contract hours in line with business needs for all new entrants.
13	Acceptance of new technology e.g. GSMR, Mobility project etc.
14	Remove booking on and off for staff carrying out work outside of their depot.
15	Elimination of core work restrictive practices in engineering.
16	Restructuring of Clerical staff due to payroll outsourcing.
17	Review of Station staff level.
18	Relocation of personnel to the National Control Centre.
19	New time and attendance procedures.
20	Elimination of contingency hours, allowing for more flexibility in rostering across a work period.
21	Removal of restrictive practices regarding locations of work.
22	Creation of combined maintenance teams (SET and Per Way)
23	Rationalisation of allowances (Per Way)

The above list is not exhaustive