



# Pre-Budget Submission 2022

## Introduction

### **Background to Mandate Trade Union and The General Purpose of the Submission**

Mandate Trade Union represents approximately 30,000 workers in the retail, bar and administrative sectors in the Republic of Ireland and is affiliated to the Irish Congress of Trade Unions. Workers employed within the retail and bar sectors are generally classified as low paid, but they also experience great uncertainty regarding their earning levels, working hours and working patterns. These characteristics contribute to an inadequate standard of living in many instances. Difficulties reconciling home, study, caring responsibilities, social and work-life balance etc. all add to the financial and social burdens experienced by our members, compounded by inadequate and unequitable state supports to assist and support low paid workers.

Mandate proposes the following solutions that are designed to lower the cost of housing, energy, transport, and childcare, as well as ensuring the minimum wage is a living wage.

We are also putting forward a series of legislative reforms in order to help trade unions to fight for better and stronger collective bargaining agreements that will raise wages along with the ability to apply for more hours where they are available.

Our proposals are based in the belief that the best way to address the cost-of-living crisis is to tackle costs and strengthen unions. There is almost universal agreement that the best way to raise wages and secure working conditions in the medium to long term is through strong unions and effective collective bargaining. Trade unions in Ireland are at a distinct disadvantage as they are bound to the terms of a voluntarist system while employers are not. This needs to change.

In general, there are three elements to our pre-Budget submission:

1. Incomes & the National Minimum Wage
2. The Social Wage
3. Enabling workers to improve their own conditions of employment & wages

The measures we propose are:

- Remove sub-minimum rates of the minimum wage
- Ensure the minimum wage is a Living Wage of at least €14 per hour
- Declare a housing emergency and implement key Raise the Roof policies
- Introduce price caps on energy
- Reduce public transport fares to 50% of April 2022 levels
- Reduce childcare fees by 50% and begin the process towards universal childcare
- Legislate to allow workers to increase their working hours where the opportunity arises
- Legislate to allow trade unions shopfloor access to meet with members and workers
- Legislate to ensure trade unions are recognised by employers in order to represent their members for industrial relations and collective bargaining purposes
- Amend the 1990 Industrial Relations Act by removing the bar on collective industrial action for individual members

# Proposals

## A Living Wage

### ***‘Remove sub-minimum rates of the minimum wage’***

There are tens of thousands of workers in Ireland who are being paid less than the minimum wage simply because of age. Mandate knows of many cases where the law as it stands today is used to exploit young people. The government needs to end sub-minimum rates of pay for those who have attained the age of 16.

### ***‘Ensure the minimum wage is a Living Wage of €14 per hour’***

Every year the Vincentian Partnership for Social Justice (VPSJ) produces a living wage document that is by far the most detailed and comprehensive survey of the relationship between the cost of living and household income.<sup>1</sup> It is done in partnership with a number of organisations, including (from a trade union perspective) the Nevin Institute, SIPTU, and Unite the Union.

The living wage is ‘the average gross salary which will enable full-time employed adults (without dependents) across Ireland afford a socially acceptable minimum standard of living’.<sup>2</sup> It is calculated via research conducted by the VPSJ and aims to give financial expression ‘to a standard of living which meets physical, psychological and social needs, at a minimum but acceptable level’. It is based on needs, not wants, and the current (2021/22) rate is €12.90 per hour.

The hourly rate applies to a single person in permanent employment working 39 hours a week. In other words, it is VPSJ’s contention that a single person living alone needs a gross weekly income of €503 a week and a gross yearly income of €26,232 in order to avoid poverty. Once tax and PRSI/USC is paid, this works out as a net weekly income of €440 a week, and a net yearly income of €22,868.<sup>3</sup>

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<sup>1</sup> <https://www.livingwage.ie/>

<sup>2</sup> Living Wage Technical Group. *Calculating a Living Wage for the Republic of Ireland*. Sep 2021. [[https://www.livingwage.ie/download/pdf/living\\_wage\\_technical\\_document\\_-\\_2021.pdf](https://www.livingwage.ie/download/pdf/living_wage_technical_document_-_2021.pdf)] accessed 16 Mar 2022.

<sup>3</sup> Based on calculations made with the PWC income tax calculator for 2022. <https://www.pwc.ie/issues/budget-2022/income-tax-calculator.html>

In April 2022 Mandate General Secretary, Gerry Light, called for living wage of €12.90 p/h to be immediately introduced as the new hourly entry point of pay for all retail workers.<sup>4</sup> With inflation now running at 9.6 percent, the rate would need to be at least €14 p/h to have the same purchasing power as when the Living Wage was announced in 2021. This necessary rise in such a short time is a stark illustration of the scale of the cost-of-living crisis and the enormous pressures that households are facing when it comes to simply paying the bills. Now, more than ever, we need a cost-of-living strategy that goes beyond wages and starts to tackle the core issues in housing, fuel, energy, heating, childcare, transport, and food at a state investment level.

## **Housing for All**

### ***‘Declare a housing emergency and implement key Raise the Roof policies’***

Mandate is part of the Raise the Roof network. This is a broad-based campaign dedicated to tackling the housing crisis by lowering rents, dramatically increasing the supply of public and affordable housing, and ensuring that housing is treated as a human right under the Constitution. It is supported by trade unions, housing and homeless agencies, women’s groups, political parties, representatives of older people, children’s advocacy groups, community organisations, student unions, Traveller groups, housing academics and experts. High rents and lack of housing directly affect our members. In a recent survey, just over 40% of our members were renting, while others talked of the frustration of trying to apply for a loan only to be rejected due to the variance in hours. Where members do receive a mortgage quote, it is often too low to buy anything on the market. This leaves a significant number of our members in a poverty trap where they earn too much to apply for social housing measures, but not enough to afford private rent or purchase options. As a result of these failings Mandate is now adding its voice to the call for a referendum to insert a new right to housing in the constitution, to ensure access to affordable and secure housing for all citizens.

Mandate believes a new legal right to housing would assist in addressing the crisis, supported by appropriate plans to cut the housing waiting list through greater investment in the supply of affordable and social housing, as well as increased funding to return vacant properties for

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<sup>4</sup> ‘Mandate calls for new retail workers to be paid Living Wage,’ *RTÉ News*, 4 Apr 2022, <https://www.rte.ie/news/business/2022/0404/1290287-mandate-wants-new-retail-staff-to-get-living-wage/>

use as social housing. Furthermore, the introduction of an immediate rent freeze, rent controls and decisive action on homelessness should be introduced.

Recent exchequer returns published in the Government Summer Economic Statement 2022 show an Exchequer surplus of €4.2 billion in the first half of the year. These figures demonstrate the government's financial capability to significantly invest more resources to tackle the housing crisis.

While the Census 2022 report does not produce figures on long term vacant dwellings, it did suggest that when the data was analysed, 48,387 dwellings which were vacant in 2016 remained vacant in 2022. The Hardware Association Ireland estimates that there are 34,000 empty homes that can be renovated at a reasonable price, all indicating the potential to unlock another opportunity to assist in the eradication of the current housing and homelessness crises.

The retention of public land in public ownership and increasing capacity to build large volumes of social affordable homes for those people, who cannot afford the private rental and owner occupier market is required immediately. The case for radical action on housing was set out in the agreed opposition party motion on this issue – supported by Raise the Roof – debated in the Dáil on July 12, 2022. We need to see the following policy objectives of Raise the Roof implemented as a matter of urgency:

- Declare a housing emergency to free up resources and legislative instruments.
- Double investment to support a major State-led housing programme for provision of public, affordable and cost rental homes for all;
- Ensure affordability is the key target of all housing policy, with prices and rents linked to peoples incomes;
- Introduce a Rent Freeze, new rent controls to deliver affordable rents and secure, long-term tenancies for renters;
- Retain all public and state-owned land in public control for the provision of housing and act immediately on the scandal of vacant homes;
- Create a new, legally enforceable, right to housing

## **Price Controls on Energy**

### ***‘Introduce price caps on energy ‘***

The Budget must introduce price controls on both domestic and commercial energy supply. The measures announced by the Commission for Regulation of Utilities (CRU) - such as two years to pay off arrears and the expansion of the financial hardship system – are designed to protect the supplier as they are not systemic but rather procedures to treat the problem on a case-by-case basis. It is an incredibly stunted approach that leaves the existing systemic crisis untouched.

The CRU is there to protect the profits of private companies - profits that at the moment have never been higher for energy companies in Ireland. Bord Gais Energy posted profits of €39.5million in the first six months of 2022 – up 74% on 2021. ESB made €679 million in profits in 2021 – up 10 per cent on a record profit in 2020. The solutions that are being proffered by the CRU and the government so far are there to protect those profits and not share the burden between supplier and customer.

This is why we need emergency measures in the Budget to tackle price-gorging at a time of crisis. The economist Michael Taft has proposed a series of policy measures. Mandate believes they offer a tangible and credible road map towards addressing unaffordable energy prices before the onset of Winter.

These are:

- The introduction of a price cap;
- Reduce prices to the cost of production for the duration of the crisis;
- The price of electricity and gas to be standardised for the duration of this emergency;

## **Reduce Transport Fares**

### ***‘Reduce public transport fares to 50% of April 2022 levels’***

In May of this year the government reduced transport fares across the board by 20 percent, with a 50 percent discount for young adults. This was a welcome move, but the rate of reduction is not significant enough to make a real impact on people’s lives. Mandate believes that public transport fares across the board should be reduced to 50 percent of April 2022. This would mean a further 30% reduction in light of the 20% reduction introduced in May. This action would address a number of objectives. It would reduce the cost of living for workers, including our members who are already low paid, but it would also reduce our carbon footprint and greenhouse gas emissions, as per the Governments Climate Action Plan

2021<sup>5</sup> and sectoral emissions ceilings<sup>6</sup>. Mandate believes that public transport costs for the consumer/end user should be fully subsidised by the state, in order to encourage usage and reduce the need for private transport.

## **Reduce Childcare Fees**

### ***‘Reduce childcare fees by 50% and begin the process towards universal childcare’***

Childcare costs in Ireland are the second highest in the OECD.<sup>7</sup> We need measures to tackle this crisis of affordability. These costs are a barrier to women taking up employment or applying for more hours, particularly for women in lower-income households. Time and again our members cite childcare and the lack of it as a core reason why they are in involuntary underemployment. There are an estimated 31,000 childcare professionals employed in Ireland who receive an average hourly wage of €12.60 p/h. The extortionate cost of childcare in Ireland is not down to wages but because it is a privatised model where profit is subsidised with public funds, not the actual service.

We need a genuinely public model of childcare. This will require significant increases in investment to address both chronic low pay in the sector and unaffordable costs for parents. Going forward, childcare needs to be fully publicly funded; to encompass early years care, pre-school, school-age and care for teenagers; of a high-quality, built around the needs and wishes of children rather than being treated like a ‘storage system’; and supported by adequate paid parental leave.

In the short-term, the government could subsidise childcare wage costs as a first step towards a public service model. It needs to bring the workforce into the public sector while it builds the infrastructure in the medium to long term.

Based on the figures above, and on an average 30-hr working week, the aggregate wage cost for childcare professionals in Ireland is in the region of €663m. Mandate proposes that the government makes upwards of €350m available for a wage subsidy in childcare and to ensure

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<sup>5</sup> <https://www.gov.ie/en/publication/6223e-climate-action-plan-2021/>

<sup>6</sup> <https://www.gov.ie/en/press-release/dab6d-government-announces-sectoral-emissions-ceilings-setting-ireland-on-a-pathway-to-turn-the-tide-on-climate-change/#:~:text=In%20the%20Programme%20for%20Government,is%20how%20we%20do%20it.>

<sup>7</sup> <https://www.thejournal.ie/childcare-crossroads-part-one-5669360-Feb2022/>

that the subsidy is passed on to parents in the form of a 50% cut in fees. While the figure of €350m appears to be large, it should be noted that the government intends to impose tax reliefs valued at €1 billion in this year's budget.<sup>8</sup> If it scraps this reckless measure it could make childcare genuinely affordable for just 18 percent of the cost of its planned tax cuts.

## **Working Hours and Existing Staff**

***“Legislate to allow workers to increase their working hours where the opportunity arises”***

In 1997 the EU introduced a directive that explicitly allowed workers to have more control over their workplace hours, and in the 25 years since it has yet to be transposed into Irish law.<sup>9</sup> It is incredible that such a basic workplace right under EU law has no legal expression in Ireland. Successive government ministers have given multiple excuses, such as that it is due to the unpredictable nature of the retail sector, but we know from working on the ground that there are other, more insidious, reasons.

Time and again we are told by our members that employers use rosters to discipline staff. ‘Extra hours are not given out fairly’ said one, adding that ‘they don’t even have the decency to tell you when they are cutting your hours’. Others talked of ‘last-minute hours, unpredictable hours, constant change of hours, hours going from one extreme to the other’. Given all of this, ‘it is very difficult to have any work-life balance.’ One member made an additional point that ‘only getting four-hour shifts throughout the week is a waste of petrol when those hours could easily be put together to work longer days.’

International studies have shown that the rostering of hours is often used as a weapon in the hands of retail managers. In his 2020 study of the issue, *Despotism on Demand*, Alex J. Wood showed how

‘Precarious scheduling enables “flexible discipline” by providing managers with the arbitrary power to wreak havoc with workers’ lives and incomes. Moreover, workers must actively seek to maintain the favour of their manager in order to ensure that they receive enough hours to make ends meet, and to avoid being scheduled at times that clash with their home life. This leads workers to work hard for their managers but also to beg them for changes to their scheduled hours. When managers accommodate a worker’s request, this creates a sense of obligation to repay the manager’s kindness in granting this “schedule gift.” In this way, flexible despotism ensures workplace

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<sup>8</sup> <https://extra.ie/2022/04/24/news/exclusive-varadkars-plan-to-cut-e2bn-in-taxes-to-help-the-squeezed-middle>

<sup>9</sup> Council Directive 97/81/EC of 15 December 1997. <https://eur-lex.europa.eu/EN/legal-content/summary/part-time-work.html>

control by both securing exploitation via coercion and simultaneously obscuring that coercive exploitation through the misrecognition of schedule gifts.’<sup>10</sup>

It is a situation that is recognisable to the majority of retail workers in Ireland and was highlighted by Mandate at an Oireachtas hearing in 2013. The union’s communications officer, David Gibney, gave evidence to the Joint Committee on Jobs, Enterprise, and Innovation on the way rostering is used against workers who speak out in retail.

In the past six months or so I have met with many non-union workers and talked to them. They are not necessarily getting zero-hour contracts but they are getting low hour contracts. I offer one example. The individual is on a ten-hour contract, but he had been working for between 40 and 50 hours for the past two years. Then, in February he made a health and safety complaint about a fire door being locked. Subsequently, he was brought down to his contractual ten hours contract. He was obviously intimidated and now he is behaving very reasonably for the employer, but he will not put his head above the parapet.<sup>11</sup>

The arbitrary rostering of hours, and the unpredictability of the working week, makes a work-life balance a constant struggle for retail workers. Our members talk of the strain of trying to organise child and home care duties around work when the balance should be the other way round. The 1997 EU directive was put forward to encourage and allow ‘employees and employers to organise working time in a way which suits both parties’ needs.’ Despite the rhetoric put forward by employers’ organisations, this balance is often the exception rather than the norm.

In 2017 and 2018 Mandate lobbied to have inserted into the Employment Miscellaneous Act the ability for existing staff to apply for extra hours where those hours are available, but it was rejected by the Minister at the time who promised a review which never happened. We feel it is time to return to this issue to tackle forced underemployment and to help workers achieve a working week that is reflective of their needs where possible.

We make this call as part of a pre-budget submission because we feel that while an hourly living wage rate is important, the amount of hours you work is also important, and the best way for workers to improve their work and wage conditions is through collective bargaining

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<sup>10</sup> Alex J. Wood. *Despotism on Demand : How Power Operates in the Flexible Workplace*. Ithaca: Cornell University Press, 2020: 5.

<sup>11</sup> Joint Committee on Jobs, Enterprise and Innovation debate - Tuesday, 17 Sep 2013.

agreements. For this to happen, we need to give trade unions the proper legislative supports to allow them to their job. This means giving unions the right to access to the workplace, the right to be heard, and the right to defend individual members through industrial action where necessary. While employment law is hugely important, it is trade union membership and collective bargaining that gives real effect to it. Employers know this, which is why they support individual arbitration structures (which can take years to traverse) over collective agreements each and every time. Given the huge cost of living crisis we are in at the moment, this needs to change.

The measures listed above in housing, energy, transport, childcare, roster hours, and the living wage, are all necessary to tackle the immediate cost of living crisis. However, there is almost universal agreement that the best way to raise wages and secure work conditions in the medium to long term is through strong unions and collective bargaining. At the moment, trade unions in Ireland are at a distinct disadvantage as they are bound to the terms of a voluntarist system while employers are not. This needs to change. As part of our budget proposals, we have included legislative measures that will strengthen the hand of trade unions in achieving higher wages and better working conditions. These will help to address the cost-of-living crisis going forward as they are centred on ensuring excess profits are paid out in wages not in dividends.

## **The Right to Access to the Workplace**

*“Legislate to allow trade unions shopfloor access to meet with members and workers”*

The current voluntarist system of industrial relations in Ireland gives an enormous advantage to employers over unions when it comes to issues of collective bargaining. The right to meet with members in the workplace is entirely dependent on the permission of businesses. It can be withdrawn at a moment's notice, even in terms of disciplinary matters. There is a race to the bottom and the erosion of workers' rights over recent years is clear. Low-hour contracts, intimidation, blacklisting, punishment for union activities and bogus self-employment contracts are just a few examples of daily attacks on the rights of workers to organise.

Trade unions need access to the workplace in order to work effectively as trade unions. The law as it stands today must be changed to allow officials and representatives to meet with

members – and potential members – in order to strengthen the collective bargaining system. Successive governments have said that this is their objective, but the absence of a balance of rights between trade unions and employers means that the owners of a premises have more rights than the workers in that premises. This has played no small part in the low-wage, low services society we have today.

Mandate believes that as part of Budget 2023 the government should legislate to allow trade unions to do their job. Every employer should be obliged by law to allow, so far as is reasonably practicable, a representative or representatives of an authorised trade union to enter a workplace where sufficient notice has been given to the employer to deal with the following:

- to monitor compliance with the operation of a collective agreement;
- to consult with their members on any matters of concern;
- to inform and advise workers of their right to join a trade union and the benefits of membership and other related matters.

This right – which is a basic trade union right in many countries across Europe and the rest of the world – would help to bring balance to Ireland’s system of industrial relations

## **The Right to be Heard**

***‘Legislate to ensure trade unions are recognised by employers in order to represent their members for industrial relations and collective bargaining purposes’***

There has been a significant increase in non-recognition of trade unions by employers in recent years. It is a sign that the voluntarist system is ever more being replaced with a more aggressive union-busting approach. We need to level the playing pitch, and this means ensuring that employers do not get to choose who they will or will not speak to when it comes to the representation of workers.

It is the right of a worker to decide who will represent them in industrial relations and collective bargaining matters, not anyone else, and certainly not their employer. The right to choose one’s lawyer in a court case is a recognised right – yet at the moment the same cannot be said of collective bargaining processes and procedures. Even though trade unions must hold a negotiating licence from the Minister for Enterprise in order to operate as a trade union, that licence can be ignored by a business owner or board of management if they so

choose. This needs to end. It is seriously affecting the ability of trade unions to negotiate wages and work conditions for their members.

Mandate proposes that legislation is introduced as part of Budget 2023 that will allow trade unions to negotiate on behalf of their members where that is the expressed wish of those members.

- Employers must be required by law to recognise the right of an authorised trade union to represent its members for the purposes of collective bargaining, including grievance and disciplinary issues, where collective bargaining processes and structures are already undertaken in the workplace.
- Where an employer does not engage in any collective bargaining procedures, that they will be required by law required to do so with an authorised trade union where at least 30 percent of the shopfloor/workplace are members of that union.

The figure of 30 percent as the bar for recognition is broadly in line with rulings on mandatory recognition that have been made by the Labour Court.

## **Amendment of the 1990 Industrial Relations Act**

### ***'Amend the 1990 Industrial Relations Act by removing the bar on collective industrial action for individual members'***

It is Mandate policy to lobby for the repeal of the 1990 Industrial Relations Act. As a first step in that process, we believe that subsections (2), (3), and (4) of Section 9 of the Act should be removed. These subsections effectively disbar trade unions from engaging in industrial action in relation to the work and employment conditions of an individual member until the processes of the Workplace Relations Commission (WRC) and the Labour Court have been exhausted.

This section has become a victimisation charter for employers, who are often willing to intimidate or unfairly dismiss a trade union member knowing that the WRC process can take years, and usually results in a fine which they see as an acceptable price to pay to rid themselves of staff that either question management or attempt to organise their workplace. Indeed, a recent survey undertaken by Financial Services Union (FSU) found that strong protections against victimisation for union activity was the top legislative request among union

activists.<sup>12</sup> It is clear that the lack of effective support via industrial action is thwarting the ability of trade unions to organise and expand in the workplace.

- Delete subsections (2), (3), and (4) of section 9 of the 1990 Industrial Relations Act and allow trade unions to protect individual members through industrial action if necessary

Taken together, these legislative requests would strengthen both wages and the ability of trade unions to fight for better wages and work conditions. They would also serve to address the upcoming EU Directive on Collective Bargaining which will mandate all EU states to have an action plan to bring collective bargaining coverage up to 80 percent of the workforce.<sup>13</sup>

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<sup>12</sup> Gareth Murphy, 'Legislation to support organising: could this renew the trade union movement?' *International Union Rights*, Vo.29, No.2 (2022): 5.

<sup>13</sup> <https://presidence-francaise.consilium.europa.eu/en/news/minimum-wages-council-and-european-parliament-reach-provisional-agreement-on-new-eu-law/>