



Labour Relations Commission

ANNUAL REPORT 2009







LABOUR RELATIONS COMMISSION

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Presented to Dara Calleary, T.D., Minister of State with responsibility for Labour Affairs and Public Service Transformation in accordance with Section 27(3) of the Industrial Relations Act, 1990

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Mission and Functions of the Labour Relations Commission

Mission

“To promote the development and improvement of Irish industrial relations policies, procedures and practices through the provision of appropriate, timely and effective services to employers, trade unions and employees”.

The Commission carries out this mission by providing the following specific services:

- an industrial relations Conciliation Service
- an industrial relations Advisory Service
- a Workplace Mediation Service
- a Rights Commissioner Service
- assistance to Joint Labour Committees and Joint Industrial Councils in the exercise of their functions

The Commission undertakes other activities of a developmental nature relating to the improvement of industrial relations practices including:

- the review and monitoring of developments in the area of industrial relations
- the preparation, in consultation with the Social Partners, of codes of practice relevant to industrial relations
- industrial relations research and publications
- organisation of seminars and conferences on industrial relations and human resource management issues

Members and Officers of the Commission



Kieran Mulvey
Chief Executive



Breege O'Donoghue
Director, Penneys/Primark
Board Member until March 2009
Appointed, as Chairperson,
to new Board July 2009



Peter McLoone
General Secretary,
IMPACT
Board Member until March 2009
Appointed to new Board July 2009



Gerard Barry
Board Member until March 2009
Appointed to new Board July 2009
Chairman of Audit Committee



Brendan McGinty
Director of Human Resources and
Industrial Relations, IBEC
Board Member until March 2009
Appointed to new Board July 2009
Member of Audit Committee



Iarla Duffy
Director Duffy Motor Group
Appointed to Board July 2009
Member of Audit Committee



John Hennessy
Managing Director, Ericsson
Appointed to Board July 2009



Fergus Whelan
ICTU
Appointed to Board July 2009



Peter Bunting
*Asst. General Secretary,
 Irish Congress of Trade Unions
 Board Member until March 2009*



Liam O'Rourke
*Managing Director,
 Chivers Ireland Ltd.
 Board Member until March 2009*



Maurice Cashell
*Chairman until second term
 ended in March 2009*

Senior Management Team



Kieran Mulvey
Chief Executive



Kevin Foley
*Director of the
 Conciliation
 Services Division*



Anna Perry
*Deputy Director
 of the Conciliation
 Services Division*



Freda Nolan
*Director of
 Advisory Services
 Division*



Eddie Nolan
*Director of the
 Corporate Services
 Division and
 Secretary to the
 Commission, also,
 Head of the Rights
 Commissioner Service*



Tom Pumphrett
*Deputy Director of
 the Conciliation
 Services Division
 until July 2009*

Meetings of the Board/Senior Management Team

The current Board was established in July 2009 and saw the appointment of three new Members, Iarla Duffy, Fergus Whelan and John Hennessy. The term of office of the previous Board finished in March 2009 and saw Mr. Maurice Cashell, complete two terms as Chairman. Breege O'Donoghue accepted the appointment as Chairperson upon establishment of the new Board in July. The Board met on 8 occasions in 2009 (3 meetings held by previous Board) to discuss and review the Commission's strategy, budget, operational activities, and its business plan and to decide upon areas of Commission policy and corporate governance. The Senior Management Team, consisting of the Chief Executive and the Heads of Divisions meet on a regular basis between meetings of the Board.

Chairperson's Statement




Breege O'Donoghue
Chairperson

I am pleased to present the 2009 Annual Report (of the Labour Relations Commission), the first of my chairmanship. The Board of the Commission was appointed by the Minister for Enterprise, Trade and Employment, on behalf of the Government, in July 2009. Some personnel changes occurred in the composition of the Board with three new appointees – John Hennessy, Fergus Whelan and Iarla Duffy.

The Board has been involved since its appointment primarily in the area of strategy, policy promotion and development. This activity has been initiated in response to the recessionary pressures on the economy and the “fallout” of those downside effects on industrial relations in both the private and public sectors and their implications for all of the Commissions’ services.

The Board, with the assistance of the Chief Executive and the Senior Management Team, have initiated a review of current trends in human resource management; employment rights dispute resolution and the overall interface of our services with our primary representative clients in the context of the extremely fluid national economic and international outlook.

To assist it in its deliberations, the Commission has engaged independent academic expertise in these essential aspects of employee/employer engagement to monitor, track and review current human resource management/union responses to these unprecedented times. A number of seminal studies, focus groups and reviews of current trends are being undertaken in order to evaluate the changes underway and identify areas of positive engagement for the future in both our private enterprise sector and state services.



In addition, the Board has been engaged in reviewing its own current strategy plan and it is expected that our new Strategic Plan to be finalised in the Summer will lead to a renewed focus on areas of key concern – promoting and advocating new and effective dispute resolution processes, the active signposting of new employment engagement practices and the development of synergies between the employment rights dispute resolution bodies with the objective of delivering more effective timeframes for the resolution of increasingly complex employment rights issues and the level of referrals which is increasing exponentially each year.

The Board of the Commission was highly supportive of the initiative and commitment of the Executive in its key role in organising, conciliating, and achieving an agreement on a new “Public Service Agreement 2010-2014”. The Executive remain available for continued involvement in assisting the parties involved in all sectors of the public service in achieving the targets and aspirations set out in the terms of that Agreement.

The Commission remains heavily involved in assisting both management and unions in obtaining mutually satisfactory solutions to the significant degree of restructuring and change manifesting itself on a continuous basis in the private sector. The recently concluded Protocol between IBEC and the ICTU will be an important foundation in ensuring that the dispute resolution services and bodies are maximised to their utmost and that change and transformation can be achieved within agreed parameters and procedures and with a view towards maintaining employment and acceptable living standards.

We live in a world of constant economic, social and political flux. For our part in the Commission we are focused upon delivering quality public services within the resources available to us and in ensuring both “value for money” and good corporate governance in the expenditure of exchequer funding and taxpayers money. These are issues which the Board has, as have previous Boards, taken as business objectives of paramount importance.

On behalf of the Board, I would like to take this opportunity to pay tribute to the dedicated work and long hours put in by the Chief Executive and all of the staff in all the Services in the pursuit of building and maintaining a quality system of industrial relations in Ireland – something which is not easily achievable as evidenced in other jurisdictions in recent times.

Chief Executive's Report




Kieran Mulvey
Chief Executive

Developments and trends in 2009 reflected the continuing adverse impact of the recession in almost all employment sectors.

The Commission's services are at the forefront of assisting both employers and their employees in addressing the myriad effects of the changing economic environment. This is reflected in the work of the Conciliation Service in enterprise reconfiguration and change in both the private and public services. Whole company restructuring has involved all aspects of the employment relationship — pay, pensions, work practices, redundancy and the refocusing of business survival planning.

Human resource managers and union representatives have had on a national scale to confront and negotiate challenges which have not been a feature of the employment landscape for over two decades. That they have done so in an orderly and constructive way is a tribute to their skills and to the structures of dispute resolution that have been established over the period of social partnership.

The Advisory Service continues to monitor, develop and refine the codes of practice for employment related activities, and to provide helpful in-depth analysis and "working-together" report strategies for individual companies/employees to address workplace issues. Of particular focus over the last year has been the sectoral and enterprise training services on positive industrial relations practices that have been provided. The Service is continuing also with an overview, involving external academic and professional assistance of the changing trends in human resources during the current recession. The outcome of this focused research will be published in 2010.



The “explosion” in the rate of employment right referrals to the Rights Commissioner Service continues apace. Over 14,000 referrals in 2009, and which on current trends is likely to exceed 16,000 in 2010. The Service is not equipped to cope with this level of referral — where every complaint must be scheduled for investigation. Most referrals are from individuals whose employment has actually ceased and where in some cases the employer concerned had ceased to trade or has closed their business.

Some “clearing house” arrangement between the employment rights dispute investigation bodies is essential if the current situation is to be managed appropriately. This will require both new administrative measures and potential legislative and structural changes. In a period when resources are diminishing and where there is a public service recruitment moratorium new and more innovative models are required in order to address this unsatisfactory situation.

Since the publication of the “McCarthy Report” a number of meetings between the statutory dispute resolution bodies, under the Chairmanship of the Minister for Labour Affairs, have taken place in order to discuss and address the issues raised in the Report as they apply to dispute resolution bodies — Labour Court, Labour Relations Commission, Employment Appeals Tribunal and NERA.

Though these institutions have served the employment relations sector well they are not immune from change, transformation or reconfiguration themselves. The changing relationship between employment law, collective agreements, individual human rights and national/sectoral concords, creates a more complex employment environment.

The system for resolving disputes in these areas need not always reflect or mirror similar complexities. We should not lose sight of the “user friendly”, rapid access and potential “one shop” approach towards statutory dispute resolution. Both employers, employees, their representative organisations and their unions have reiterated their desire for such a policy approach.

Already, 2010 has started off with significant industrial relations developments in the private sector — with moves towards an IBEC/ICTU understanding for the necessity of maintaining established procedures.

In the public sector a new “modus vivendi” has emerged between Government, as employer and the Public Service Committee of the ICTU on a new agreement after unions balloted and accepted the Public Service Agreement 2010-2014.

The Commission and its services continue to review and update its skill base and menu of dispute resolution technologies in order to meet the continuing and daily challenges being experienced in all enterprises and public services.

In a period of economic recession it is essential to ensure that we retain our well-earned reputation for both industrial peace and employee engagement. These are major signposts for international businesses to locate in Ireland and for our own indigenous enterprises to survive and flourish.

The Commission must continue its vital role in assisting all involved in employment in achieving transformation and change and by ensuring its services play an important role in the Irish economy. As we enter our 20th year we have established a solid record of achievement in this area.

Major Developments in 2009

This annual review considers the most salient industrial relations developments of 2009. These include the major difficulties experienced in the 22-year old social partnership process (which also involved a serious dispute between the Government and public service trade unions); a number of important industrial disputes in the private sector; significant industrial relations agreements; and legislative changes and initiatives. At the outset, it must be said that there is little doubt that industrial relations generally were negatively affected by the gravity of the country's recession.

Political developments

On October 2nd 2009, Ireland voted in favour of the Lisbon Treaty by a margin of just over two (67.1%) to one (32.9%). EU leaders had agreed to a series of concessions, which allowed the Government to make a second ballot possible after voted had rejected the Treaty in 2008. Each member state was to retain a Commissioner, while Ireland was given further assurances in relation to social issues as well as receiving further comfort on taxation policy. One of the main areas of debate that touched on the industrial relations arena was the perceived impact of the Treaty on pay and employment conditions. However, it was widely believed that the recession clearly had an impact on the scale of the 'yes' vote in the 2009 referendum.

Collective bargaining developments


The most significant collective bargaining development in 2009 saw the country's twenty-two year old system of centralised social partnership agreements come to a sudden halt on December 4th., 2009. The Government announced that talks with the public sector unions on a consensus approach to securing a €1 billion plus reduction in the public

pay bill had failed. In the aftermath, trade union leaders suggested that social partnership and its architecture had collapsed for the lifetime of the Government.

The collapse of these talks, which had taken place between the Government and public sector trade unions, represented by the Public Services Committee (PSC) of the Irish Congress of Trade Unions (ICTU), was expected to mark a new departure for Irish industrial relations. However, the Government and Taoiseach, Brian Cowen, called for continued social dialogue between the social partners, leaving open the prospect of a renewal of social partnership into 2010 and beyond.

The government, public service union talks

Entering the November/December 2009 talks, the public sector trade unions had formally opposed any cuts to basic wage rates for around 330,000 members, stating that pay, pensions and jobs had to be protected in any overall agreement. A 24-hour public sector strike had been held on November 24th 2009, with a second day planned for December 3rd. The latter was called off when it appeared that the parties were close to agreement in talks in government buildings. The PSC believed that it had the basis for an agreement that would see payroll savings achieved through the linkage of two key elements. First, a total of 12 unpaid leave days would formally apply in 2010 (but would be taken by workers over a number of years) across the entire public sector. This measure would achieve payroll savings of between €760 million and €967 million. Secondly, the trade unions would commit to a set of major reforms with the aim of achieving ongoing savings and productivity into the future, to be finalised by the end of



2010. Further immediate savings, to raise the €1 billion of revenue required for 2010, could be secured through reductions in overtime and planned cuts in the pay levels of senior civil servants and politicians.

The proposed agreement, according to the public sector trade unions, would also have included a new ‘transformation commission’ with independent leadership, charged with ensuring the implementation of the package. However, on December 4th, 2009, Taoiseach Brian Cowen stated, “unfortunately, the proposals put to government do not provide an acceptable alternative to pay cuts. Therefore, the government was unable to agree to the terms they had proposed.”

The proposed agreement faced considerable criticism from backbench TDs in the leading Government coalition party, Fianna Fail, as well as scepticism from Green Party Ministers in the Coalition. This was reflected in media coverage that focussed on the unpaid leave proposal, with commentators highly critical of the proposed agreement on the basis that it would represent a ‘fudge’. Criticism from the Irish Business and Employers Confederation (IBEC) further added to the pressure on the Government to end the talks without agreement on the basis of what the unions believed would be a viable transformation/cost savings formula. Instead, IBEC asked the Government to make firm decisions to reduce public service wages in the December Budget, which the Government then proceeded to do.

The public sector trade unions indicated that they would be advocating a sectoral response to the breakdown of the talks, prior to devising a strategy that would involve non-cooperation with efforts to introduce further change.

Those affected by the public service pay cuts, announced in the 2010 Budget by the Minister for Finance, would include teachers, nurses, healthcare workers, local authority workers, civil servants, the police force (An Garda Síochána), the armed forces and prison staff. This cut was to be in addition to savings made from the imposition of a pension levy on public servants of about 7%, announced in a special emergency budget in February 2009.

Public service salaries would be reduced as follows:

- 5% on the first €30,000 of salary;
- 7.5% on the next €40,000 of salary;
- 10% on the next €55,000 of salary

Salaries above €125,000 were to be adjusted in line with the recommendations of the Review Body on Higher Remuneration in the Public Sector. Reductions ranging from 8% on salaries of up to €165,000, 12% on salaries up to €200,000, 15% on salaries of €200,000 or more, were to be introduced. The latter reductions were subsequently varied by the Minister for Finance.

The total targeted public spending reduction for 2010 was €4 billion, as part of an overall fiscal adjustment approved by the EU, to be achieved by 2014.

Content of reform agenda

Under the proposed reform agenda, the following elements had been agreed in principle:

- redeployment of civil and public servants within and between organisations to ensure better delivery of priority services as budgets and staffing declined;
- a process aimed at delivering an extended 08.00-20.00 working day in healthcare services, leading to longer opening hours;
- the introduction of new rosters in healthcare — including the introduction of new nursing rosters by January 2011 — leading to more flexible services and a further reduced overtime budget;
- reviews of healthcare service staffing ratios and skills mixes to help improve patient care at minimal cost;
- the introduction of shared services in healthcare, local authorities, education and the civil services — in areas like finance, procurement, human resources and payroll;
- the introduction of evidence-based performance measurement in healthcare;
- the extension of competitive and merit-based promotions at all levels throughout the public services;
- the supervision and substitution scheme for post-primary teachers to be made more flexible;
- new procedures for redeploying surplus teachers;
- a review of the teaching contract to remove impediments to teaching and learning;

- co-operation with rationalisation of state agencies in the local government sector;
- better management and standardisation of annual and sick leave arrangements;
- changes to civil service opening and closing times and attendance arrangements.

Private sector pay

The immediate breakdown of social partnership created some uncertainty as to what form(s) of wage bargaining would emerge in 2010, and what the implications would be for industrial relations more generally. The likelihood of local pay bargaining increased after IBEC and ICTU failed to reach a bi-partite accommodation at the very end of 2009 on revising national pay negotiations. IBEC then formally indicated that it was withdrawing from the current private sector national pay agreement (The 'Transitional Agreement').

Since 1987, basic pay levels for unionised workers had been primarily been set by these centralised wage agreements. They had been consistently backed by IBEC members as well as receiving strong support from trade union members in a majority of trade unions. It was not possible to estimate precisely the number of local wage agreements in 2009, as there is no database referring to the extent of company-level agreements. However, the independent weekly magazine, Industrial Relations News (IRN), recorded and confirmed approximately 120 private sector and commercial state sector pay settlements that were in accordance with the terms of the Transitional Agreement.



The Transitional Agreement had formally provided for pay rises in the public and private sector of 6% over 21 months, but with different pay pause and phasing arrangements, as follows:

Private sector:

- A pay pause of 3 months (including the construction sector);
- A pay increase of 3.5% for a period of six months;
- A pay increase of 2.5% for a period of 12 months — or, for workers on €11 per hour or less on the date that increase falls due, a pay increase of 3%.

Public sector (i.e. the public service):

- A pay pause of 11 months;
- From September 1st 2009, a pay increase of 3.5% for a period of nine months;
- From June 1st 2010, a pay increase of 2.5%—except for workers earning up to and including €430.49 per week (€22,463 per annum) on that date, who receive a 3% increase.

Company restructuring, pay restraint

In the period since the Transitional Agreement was ratified (November 2008), due to the ripple effects from the financial credit crunch/economic downturn spreading wider, the economy further deteriorated with significant redundancies/company restructuring and a rapid growth in unemployment to 12.5% by the end of 2009.

A survey of unionised and non-unionised private sector companies, conducted by IBEC, showed that most companies were freezing pay — a trend that was broadly backed by figures from the Central Statistics Office (CSO). These pay surveys did not back up claims — based on anecdotal evidence in the national media — that pay cuts were widespread in the private sector in 2009. An IBEC private sector pay survey, published in September 2009 and carried out in August, covered 508 companies employing over 86,000 employees. The survey showed that pay freezes predominated throughout the economy in August 2009, with 59% of companies introducing pay freezes. However, a slightly larger proportion of companies were introducing wage cuts, compared with the findings in a previous IBEC survey in May 2009, while fewer enterprises were paying wage rises. The trend, therefore, over the course of 2009 was one of pay freezes predominating and wage cuts gradually edging out pay rises as the year progressed.

CSO earnings data indicated that average weekly earnings in the private sector fell by 3.1% in the twelve months up to June 2009, compared with a rise of 1.3% in the public sector. Earnings in the public sector were, however, calculated before deduction of the pension levy that was introduced in March 2009 or the pay cuts that were announced in the December 2010 Budget.

CSO also recorded that, in the private sector, average weekly paid hours fell by 3.3% from 33.1 hours to 32 hours in the twelve months up to quarter two 2009, while in the public sector the fall was slightly smaller at 1.3%, from 31.9 to 31.5 hours per week in Q2 2009.

Legislative developments

The publication of the Industrial Relations (Amendment) Bill on August 7th. was intended to 'strengthen the existing system for the making of both Employment Regulation Orders and Registered Employment Agreements and [will] provide for their continued effective operation'. One of the ideas behind the draft legislation is that it would deal with the threat of constitutional challenges to the Joint Labour Committees (JLCs) and Registered Employment Agreements (REAs) by placing all legally binding orders on minimum pay and conditions before the Oireachtas, as well as ensuring, in the case of the JLCs, that prevailing economic conditions are taken into effect. Legislation to protect the JLC/REA systems was promised by the Government as part of the Transitional Agreement.


More generally, the breakdown of social partnership in December 2009 appeared to place a degree of uncertainty around the future of legislative commitments agreed by the Government and social partners under national agreements. The Transitional Agreement included firm commitments on collective bargaining/employee representation and agency worker rights. Specific and ambitious deadlines were also agreed in relation to some of these, but the agreed timetable was not adhered to. This may be partially attributed to the nature and extent of the economic and financial crisis that gripped the country after the negotiation of the Transitional Agreement in September 2008.

Industrial action

Industrial action and conflict over restructuring increased in 2009 relative to recent years. There were 20 disputes in progress in the first nine months of 2009, involving 25,076 workers and a total of 81,530 working days lost (amounting to 3.3 days lost per 1,000 workers). The industry sector accounted for almost 75% of the total days lost in the first nine months of 2009. The figures for the first nine months of 2009 constituted the highest figure for industrial action since 2001 (when a total of 114,613 working days were lost).

http://www.cso.ie/releasespublications/documents/labour_market/current/disputes.pdf

Dispute data is compiled by the Central Statistical Office: disputes are included if they involve an official work stoppage lasting for at least one day and the total time lost is 10 or more person days. While the level and extent of large-scale collective industrial action has decreased significantly in recent decades, the number of disputes referred to the various State dispute resolution bodies has continued to mount, a reflection of the fact that conflict at work has become increasingly absorbed by institutions and procedures, as well as becoming more individualised. Unions and workers are also engaging in 'alternative' forms of resistance falling short of strike action, which are frequently not counted in the official strike data. This includes protest marches, work to rules, short stoppages, and so on.



The most significant industrial action in 2009, which is reflected in the latest dispute data, was a 24-hour national public service strike held on November 24th, 2009, in protest at the methods planned by the Government to cut public expenditure. Prior to that, in the aftermath of a unilateral imposition by the government of the public service pension levy, the Irish Congress of Trade Unions (ICTU) organised a national protest in Dublin in March 2009, which was attended by between 60,000 to 100,000 people (estimates varied). Public service unions were threatening further industrial action in 2010 in protest at the wage cuts imposed in the December 2010 Budget. Further, SIPTU balloted private sector members for industrial action over the non-application of the Transitional Agreement.

National level electrical contractors' dispute:

A five-day strike by 10,000 electricians, who are covered by a mandatory registered sectoral pay agreement, came to an end in July after the Labour Court recommended that a 5% pay rise be granted, albeit at a somewhat later date. However, the 5% pay increase was later in doubt after two key employer groups voted to reject the dispute resolution proposals.

The origins of this significant dispute date back to late 2008, when the larger employers that are part of the formal wage-setting process changed their position after initially indicating that they would agree to a 5% pay rise. The change was made after consulting with member companies that had been hard hit by the downturn in the construction sector. The Technical Engineering and Electrical Union (TEEU) responded to the change in decision by initiating strike action, the timing of which coincided with the biennial conference of ICTU on 6-10 July 2009.

The dispute was complicated by the fact that a number of informal employer groups, which do not participate in the legal wage-setting framework for the electrical industry, but which are legally bound by its terms, threatened to mount a series of court challenges to the legality of the entire wage-setting mechanism. This was one of two key problems on the employer side that helped to trigger the strike. The other main problem was that the membership of the two official employer bodies that negotiate with TEEU — namely, AECI and ECA — felt that a 5% wage deal, which had been tacitly agreed, was too high in the context of the sudden and dramatic downturn in the Irish economy — particularly in the construction sector. This led the employers to rethink their position, which meant that the Labour Court was not presented with a compromise position by both sides.

TEEU then decided to launch a campaign to force the employers to concede to the 5% pay rise. The TEEU strike initiative tended to hit only large-scale projects being undertaken by major employers. The strike prompted the Minister for Enterprise, Trade and Employment, Mary Coughlan, to ask the LRC to intervene. This move resulted in a number of recommendations by the Commission and a Labour Court Recommendation, that the 5% pay rise should be granted, albeit at a somewhat later date. However, one of the two official employer groups that are normally signatories to the registered agreement voted — as was its entitlement — against the proposed agreement.

Later, a separate report ordered by the Minister called for a reformed Joint Industrial Council, which would then agree a new Registered Agreement for the sector. This would include a new pay calculation method (and possibly new minimum pay rates) inability to pay provisions, possible

variations in minimum pay for different types of firms and binding arbitration. The report also recommended that the Joint Industrial Council (JIC) that agrees the Registered Employment Agreement (REA) be opened up to all employer groups, with representation subject to detailed information on the number of workers they employ.


On enforcement, the report said that inspections to ensure compliance with the pay and conditions in the REA should be carried out by the State labour inspectorate, NERA, instead of the current industry-sponsored EPACE body. The next step would be the setting up of Implementation Group to establish a new JIC, involving all the bodies that had accepted the recommendations of this Ministerial report, with the assistance of an independent facilitator. This would then negotiate a new REA.

The report pointed out the underlying purpose of an REA, noting that such agreements are binding on all employers in a sector. Such agreements were 'most common in labour intensive sectors where labour costs are a high proportion of overall costs and where a large number of firms compete against each other for available work through competitive tender'. Since the terms of an REA are enforceable against contractors based outside the State, the report explained that having such an agreement is in the interests of Irish employers as well as workers: 'In the absence of an REA contractors from other EU Member States could exercise their freedom to engage in electrical contracting in this jurisdiction at the same rates and conditions of employment as their country of origin. Depending on the country of origin, this could seriously undermine the competitive position of Irish contractors.'

The report's authors strongly endorsed the current system, while making it clear that it is in need of significant reform: 'The current serious problems do not arise from the system itself but from the way in which the system has been operated. In particular, they arise from the grave economic and financial difficulties, the significant decline in levels of activity, the consequential fragmentation of the sector, the failure to update the agreement to reflect these realities and the method of enforcing the agreement.' The authors asked each of the employer bodies to supply them with a list of member contractors and the number of electricians and apprentices employed by each member. The TEEU was also asked to supply details of the number of members it had in the electrical contracting industry. None of the employer bodies supplied details of the numbers employed by each contractor, but three of them supplied an overall estimate of the number of employees.

While it was argued to the authors that the current employer parties to the REA, ECA and AECl, were not substantially representative of the industry (substantial representativeness is a requirement for the REA to be legally binding), the authors said: 'we could find no reliable data from official sources or from the bodies in the sector concerning the number of electrical contractors or the number of electricians in the industry.'

They recommend, therefore, that a reformed National JIC for the sector should include the TEEU and any 'permanent body of standing which is representative of the employer interest in the sector'. To qualify for NJIC membership under the new rules, a body would need to supply a list of contractors who are members of the organisation, with details of the number of employees employed by each



contractor. It had been argued by the non-aligned group of contractors at the Labour Court hearing early in 2009 that the number of employees employed by each contractor was irrelevant and that what mattered in terms of representativeness of employer interests was the number of individual firms, whatever their size.

This contention was firmly rejected by the report's authors: 'An employer is affected by the work of the NJIC and the agreements it makes in proportion to the number of employees they have. The new rules should specify, therefore, that representative capacity on the Council will be allocated to each body by the total number of employees represented by employers who are members of the body.'

The new JIC would be registered in the Register of Joint Industrial Councils, which would overcome any difficulties over the participation of bodies which do not hold a negotiating licence. This new JIC would also have a permanent secretariat and its scope would be expanded beyond pay and conditions to all issues of common interest, such as training, safety, adaptation to change, tendering systems, subcontracting and the licensing of electrical contractors.

The report was only the third investigation report into an industrial dispute to be ordered by a Minister for Enterprise, Trade and Employment since the power to order such reports was introduced in Section 38(2) of the 1990 Industrial Relations Act. The first report concerned the former aircraft maintenance commercial semi-state, TEAM Aer Lingus in 1994; the second followed a dispute which involved the airline, Ryanair.

Advisory Services Division 2009

STAFFING:

Director:	Freda Nolan
Senior Advisory Officer:	Seamus Doherty
Advisory Officer:	Leo Costello
Advisory Officer:	Alyson Gavin

Service Delivery

The Service is focussed on working with employers, employees and trade unions to develop positive industrial relations practices, structures and procedures. Its primary objective is to help build and maintain positive working relationships and effective prevention and resolution mechanisms in workplaces. Assistance is tailored to the specific needs of each workplace, is confidential and free of charge.

2009 Activities Overview

Projects were undertaken during the year ranging across a broad range of activities such as the provision of various forms of in-company assistance, facilitation and the delivery of training and advice.

Industrial Relations Reviews

Reviews of industrial relations involve an in-depth assessment of industrial relations practices and procedures in organisations with a view to identifying deficiencies, making recommendations for improved practices and working with the parties to implement improvements recommended. Seven (7) such reviews took place in 2009.

Joint Working Parties

A Joint Working Party is a joint management/union process facilitated by the Advisory Service to implement recommendations made arising from a review of industrial relations. The process is designed to give the parties direct involvement in developing mutually acceptable solutions to their difficulties. Seven (7) joint working parties were chaired in 2009.

Preventative Mediation/Facilitation

These cases refer to assistance delivered around the development and enhancement of specific grievances and disputes procedures, development of new work practices and ad hoc facilitation. Some twenty-nine (29) such interventions took place during 2009.

Frequent User Initiative

The Division has responsibility for monitoring levels of usage of the Commission's dispute resolution services to ensure effective and efficient use of resources and to focus assistance on areas of greatest need. A limited exercise involving consulting with five (5) organisations was carried out during 2009.

Voluntary Dispute Resolution

The Enhanced Code of Practice on Voluntary Dispute Resolution (SI 76 of 2004) provides a recognised framework for the processing of disputes arising in situations where negotiation arrangements are not in place and where collective bargaining fails to take place. The Advisory Service facilitates the procedure which is designed to assist management and unions to resolve the issues in dispute. Level of activity for 2009 was low, totalling 10 cases. This reflects the fall-out arising from the judgement of the Supreme Court in the Ryanair/Labour Court/IMPACT case (February 2007).

Workplace Mediation

Workplace Mediation is delivered by a joint Advisory and Conciliation Service team. Activity levels for 2009 are outlined under Conciliation Service activity.

Training

The delivery of training on industrial relations best practice process (e.g. grievance and disciplinary procedures, communications and negotiation process) is a key element of the Advisory Service's remit to deliver proactive dispute preventative programmes to Irish workplaces. The service, while managed by the Advisory Service, is delivered by a joint Advisory and Conciliation Service team. A total of six (6) programmes were delivered in 2009. A cohesive strategy is currently being developed which is focussed around enhancing our capability to deliver professional training services and to the promotion of same.

Group on Building Capacity for Change Management in the Health Service

The Advisory Service was represented, on behalf of the Commission, on a joint Health Service Partnership Forum/ National College of Ireland/LRC group established with a view to designing a change management programme in the Health Service by the NCI. A pilot programme, involving three Health Service providers, was delivered in 2009. Practical based training modules were delivered by the Advisory Service to each of the pilot programmes. Learning outcomes are currently being assessed by the Group.

Research Project "Human Resources in a Recession"

The Advisory Service has responsibility for managing the Commission's research programme. In this regard a decision was taken in late 2009 to fund the following projects, all of which will be completed in mid/late 2010:

- (i) A major research project focusing on the experience of companies in managing their business in a recession and identifying positive human resource management/industrial relations practices in that regard. The project, which is due for publication in the autumn of 2010, is being undertaken by an external academic research team which reports to a Steering Group chaired by the Advisory Service.
- (ii) A project to carry out a "Review of Employment Rights Legislation"
- (iii) A "History of the Rights Commissioner Service"
- (iv) A project on "Workplace Conflict Management in the Subsidiaries of Non- Union Multinationals in Ireland: The View from Inside".

Codes of Practice

The Advisory Service is responsible for the development and promulgation of the Commission's Codes of Practice. In this regard a compendium of all of our Codes – with commentary – was published and placed on our website www.lrc.ie

Conciliation Services Division

Mission Statement

“To provide an impartial, timely and effective conciliation service operating to a continually high standard in both the public and private sectors”

MANAGEMENT TEAM:

Kevin Foley	Director
Tom Pomphrett	Deputy Director (part of year)
Anna Perry	Deputy Director (current)
Fiona Gallagher, Margaret Sweeney	Administration

The Conciliation Services Division in 2009 recorded an increased level of activity in 2009 over 2008 with referrals increasing by 19% and the number of meetings convened increasing by 16%. As well as the increased level of activity in referrals there was a noticeable increase in the resource intense nature of many disputes dealt with by all officers during 2009.

The total number of referrals to the Court by the Commission in 2009 was 278. The overall settlement rate in 2009 therefore was 82% (80% in 2008), which is consistent with the rate achieved in recent years by the Conciliation Service.

Regional Reports

SOUTH-WEST REGIONAL TEAM:

Damien Cannon	Manager
Michael Keegan, John Kelly	Industrial Relations Officers
Lena Kavanagh	Administration

The South West Region consists of counties Cork, Kerry and South Tipperary. The team serviced 241 meetings in the region in 2009 (up on the 2008 figure of 228) and a further 255 in Dublin (down slightly on 2008 figure of 281). John Kelly, Damien Cannon and Michael Keegan continued their involvement in the LRC mediation team and undertook a number of mediation sessions with both private and public organisations in the region throughout 2009. John Kelly continued in his role on the Mediation Management Team.

In Dublin the team were involved in a variety of Industrial Relations disputes and chaired 255 meetings. The team have also been involved in the continuing development and monitoring/maintenance of the online referral system for the conciliation service which facilitates application via the Labour Relations Commission website. John Kelly also acted as the conciliation service administrator for ongoing development on the LRC website (www.lrc.ie). Damien Cannon continued to serve on the Contract Cleaning Joint Labour Committee and chaired meetings of the parallel national Industrial Council for the Health Service (HSE/PNA/Irish Dental Assoc).

WEST/MID-WEST REGIONAL TEAM:

John Agnew	Manager
Brendan Cunningham	Industrial Relations Officer
Marguerite Whyte	Administration

The West/Mid-West team provides Conciliation Services in counties Limerick, Clare, Galway, Roscommon, North Tipperary and parts of Westmeath and Offaly and has primary responsibility for the financial services sector. The Regional Manager chairs the State Industry Joint Industrial Council (JIC), which meets on a bi-monthly basis and during 2009 he was appointed Chair of the Hairdressing JLC.

In 2009 a total of 329 conciliation conferences were held of which 149 (45%) were facilitated in Dublin and 180 (55%) were facilitated in the region. As well as its direct involvement in the delivery of Conciliation Services during 2009, the team participated in the broader range of initiatives undertaken by the Division generally. In particular the Team had a core role in the management and delivery of the Commission's Workplace Mediation Service. The Team also continued to chair a number of the Construction Industry Disputes Tribunal on behalf of the Conciliation Service. The Regional Manager provided facilitation on the ongoing discussions on the integration of the Community Welfare Officers service into the Department of Social, Community and Family Affairs. The team also continued with the joint initiative with the Advisory Services Division in the development and provision of tailored training for the Commission's clients. In this regard, Brendan Cunningham undertook a number of training initiatives including the design and delivery of specific training in the areas of grievance procedures.

NORTHWEST AND BORDERS REGIONAL TEAM:

Sheamus Sweeney	Manager
Mairead Daly	Industrial Relations Officer
Dermot Murphy	Administration

The North West and Borders Region covers Cavan, Donegal, Leitrim, Longford, Louth, Mayo, Meath, Monaghan, Sligo, Westmeath and Dublin.

In 2009, the Team convened a total of 309 conciliation conferences, of which 140 were facilitated in Dublin. This compares with a total of 257 in 2008 of which 107 were held in Dublin. In addition the Team facilitated Union/ Management discussions on the HSE Transformation Programme in the North East region.

The Team is also responsible for administering the Construction Industry Disputes Tribunal and chaired a number of Tribunal hearings during the year. As part of the Team that delivers the Commission's Workplace Mediation Service a number of mediation sessions were facilitated in both private and public sector organisations throughout the region in 2009.

The Regional Manager chairs Joint Industrial Councils for the Electrical Contracting and Mushroom industries as well as fulfilling the same role on the Clothing Joint Labour Committee and Agriculture Workers Joint Labour Committee. In conjunction with other Regions, the Team continued its participation in a number of internal Working Groups on projects and proposals to improve internal supports to officers and enhanced services to clients.

NATIONAL PUBLIC SECTOR REGIONAL TEAM:

John Fallon	Manager
Fiona Gallagher	Administration

A total of 509 disputes were referred to the Conciliation Services Division from employments within the public sector during 2009. A total of 798 conciliation conferences were held in such cases, which were facilitated by officers across the conciliation service. The number of referrals was similar to the 2008 figure while the number of conciliation conferences was up from 760 in 2008. This is a reflection of the increase in the multiplicity and the resource intense nature of issues referred to conciliation within the public sector generally. As part of the Industrial Relations Framework for Academic Staff in Institutes of Technology, the Regional Manager chaired the Negotiating Forum during 2009. In a similar role, the Regional Manager also chaired the National Monitoring and Review Committee for the Irish Prison Service.

SOUTHEAST REGIONAL TEAM:

Brian McGinn	Manager
Louis Mooney, Maedhbh Cronin	Industrial Relations Officers
Karen Buchanan	Administration

In 2009 the East/South East Region Team provided conciliation and mediation services in counties Carlow, Kildare, Kilkenny, Laois, Offaly, Waterford, Wexford, Wicklow and Tipperary (Clonmel and Carrick-on-Súir areas) and in Dublin.

The Team chaired 461 meetings with employers and trade unions in 2009, covering a range of single and multi-issue disputes.

The Regional Manager continued to act as Chairman of the Local Authority National Council and the Contract Cleaning Joint Labour Committee. He also acted as Chairman of the Teachers Conciliation Council. During 2009, Maedhbh Cronin was appointed as the nominated Appeals Officer for the IVEA Formal Stage 3 Appeals Process under the Codes of Practice for Dealing with Complaints of Bullying, Harassment, Sexual Harassment in VEC Workplaces, (published 1 September 2006).

The Team provided support to the Conciliation Services as a whole in its role as co-ordinator of management data by the Division's computerised Case Management system. It also contributed to a number of projects to improve internal supports to officers in the provision of services to clients.

Towards 2016 Review and Transitional Agreement

The Towards 2016 Review and Transitional Agreement 2008-2009 was produced in late 2008. This agreement provides a procedure for the resolution of pay disputes and disputes related to what constitutes “normal ongoing change” as described in the agreement. There are also agreed arrangements whereby the services of the Commission are available to assist in situations in the Civil and Public Service where disputes arise in relation to verification of required change.

Of the 148 cases referred to the LRC in 2009, 44 employers cited inability to pay and an assessor was appointed to 21 of these cases. Fifteen cases were referred in relation to an alleged breach of the Towards 2016 Review and Transitional Agreement 2008-2009, with one case referred in under the clause relating to normal ongoing change. The remaining referrals for the most part did not result in a conciliation conference, for reasons related either to prior settlement or other outcome arrived at locally. In those cases therefore, it is not possible for the Commission to be specific as to the exact issue in dispute, which gave rise to the referral.

The Commission, on behalf of the parties, referred 6 cases to the Labour Court in 2009 which related to issues arising under Towards 2016 Review and Transitional Agreement 2008-2009.

Construction Industry Disputes Tribunal

The Construction Industry Disputes Tribunal (CIDT) was established under the Construction Industry Registered Employment Agreement. It was designed by the parties to the Construction Industry Joint Industrial Council (CIJIC) as a dispute resolution mechanism for the construction industry. The Labour Relations Commission has put in place procedures, which are designed to facilitate its effective operation.

The Conciliation Services Division at the request of the parties to the CIJIC facilitates the management of cases referred to the Construction Industry Disputes Tribunal (CIDT). The most common issues arising in referrals to the CIDT have been concerned with pay, conditions of employment, alleged breaches of the REA and unfair dismissals.

At the request of the parties to the CIJIC, the Conciliation Services Division provides an independent chairperson to the Tribunal hearings. The composition of the Tribunal also includes an employer and an employee representative. The process provides that the Tribunal will only issue a decision where there is unanimity among the Tribunal members.

During 2009, a total of 28 cases were referred to the Tribunal and 15 cases were assigned for a full Tribunal hearing. Two cases were resolved locally in advance of a Tribunal hearing. For the remaining referrals it had not, at year-end been possible to convene a sitting of the Tribunal, as not all parties agreed to take part.

Workplace Mediation Service

“Mediation is a voluntary, confidential process that allows two or more disputing parties to resolve their conflict in a mutually agreeable way with the help of a neutral third party, a mediator” (LRC, Dublin)

The service provides a prompt, confidential and effective remedy to workplace conflicts, disputes and disagreements. Workplace Mediation is particularly suited to disputes involving individuals or small groups of workers.

The Service provides trained Workplace Mediators to respond promptly, confidentially and efficiently to requests to remedy workplace conflicts, disputes and disagreements.

The Commission’s team of mediators are drawn from the Conciliation Service and the Advisory Service. The Service received 40 referrals in 2009 and convened a total of 149 meetings in delivering the service to clients.

Issues include one-to-one interpersonal difficulties often around the supervisor/ employee relationship but also group conflict. The employer as the ‘commissioning agent’ initiated the majority of cases and requests for assistance by the use of the mediation process.

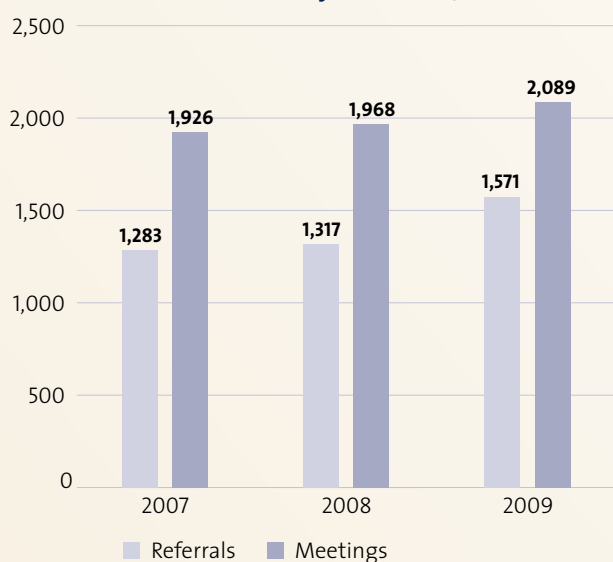
Commission Involvement as Chairpersons of JIC’s and JLC’s.

Agriculture JLC	Sheamus Sweeney (Chair)
Clothing JLC	Sheamus Sweeney (Chair)
Contract Cleaning JLC	Brian McGinn (Chair), Damien Cannon (Acting Chair)
Hairdressing JLC	John Agnew (Chair), S. Sweeney (Acting Chair)
Retail Grocery JLC	Tom Pomphrett (Chair), Kevin Foley (Acting Chair)
Construction JIC	Kevin Foley
Electrical JIC	Sheamus Sweeney
Printing JIC	Sheamus Sweeney
State Industrial JIC	John Agnew
Woollen & Worsted JIC	John Agnew
Hosiery & Knitwear JIC	John Agnew

Statistics 2009

Category	Total to end December 2009	Total to end December 2008	Variation 2009 over 2008
CONCILIATION – Referrals	1,571	1,317	+19%
CONCILIATION – Conferences	1,997	1,726	+16%
CONCILIATION – Other Meetings (facilitation, CIDT, JLCs, mediation, etc)	315	242	+31%
Total number of meetings	2,089	1,968	+6%
Labour Court Referrals	279	259	+7%

Conciliation Services Activity 2007-2009



Rights Commissioner Service

The highest level of referrals to date was received by the service in 2009 – a total of 14,569 and represents an extraordinary increase of 33% over the 2008 referrals. This level of referral is simply too great to process cases on a time guaranteed period to both employees/ employers. Timeframes for hearings, alongside in-built notice periods in legislation, automatic requirements for investigation by a Rights Commissioner and the all too frequent requests for adjournments has led to unacceptable time delays in the processing of cases. The Commission is conscious of these delays and continues to explore its limited options to improve the situation. Administrative efforts are being made to address these delays but the options available to the Commission are extremely limited due largely to administrative staff restrictions as part of the overall moratorium on recruitment.

In a review of cases for the period October – December 2008, it was found that almost 90% of claimants were not in employment at the time of the lodgement of claims and that 29% of complainants made multiple claims under the various employment Acts.

These facts alone point in some way towards the difficulty in processing cases to scheduled hearings with the parties. The increasing trend of referrals has continued into 2010, with over 5576 referrals being received in the first four months.

2009 represented the 40th anniversary of the establishment of the Rights Commissioner as a statutory post under the Industrial Relations Act, 1969. In order to mark this occasion and to record the development of the Service in this period the Commission has engaged the services of Maurice Cashell to write a history of the service which would include both the legislative genesis of the post of Rights Commissioner and the individuals who have served as Commissioners in that period.

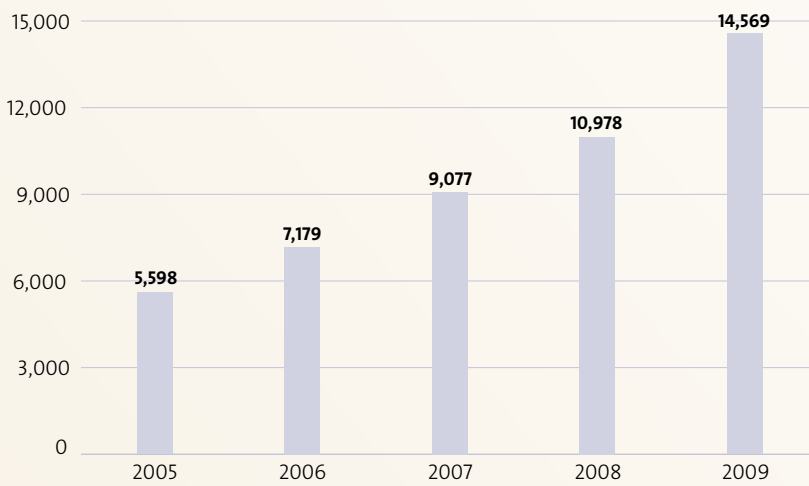
Rights Commissioner Service – Key Data

ORGANISATIONAL STRUCTURE

Principal Officer	Head of Rights Commissioner Service and also responsible for Corporate Services including Governance and Financial matters Secretary to the Commission Board Secretary to the Internal Audit Committee
Assistant Principal	(‘Unfilled’ ISER Retirement since January 2010)
Higher Executive Officer	1 – Unfilled position while various leave entitlements utilised
Executive Officer	1 – Assigned in September 2009 on transfer
Staff Officers	2 – Full-time assignments
Clerical Officers	15 – Full-time assignments but the actively serving number is reduced by dint of unfilled posts and Officers availing of various atypical work patterns
Rights Commissioners	15

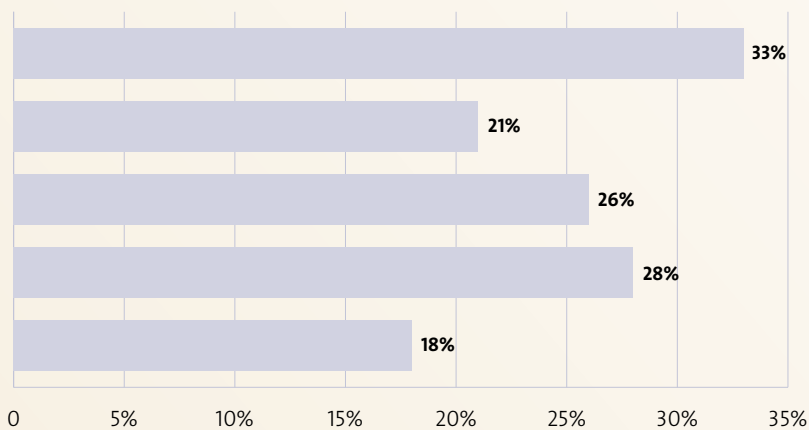
Statistics

Referrals Received



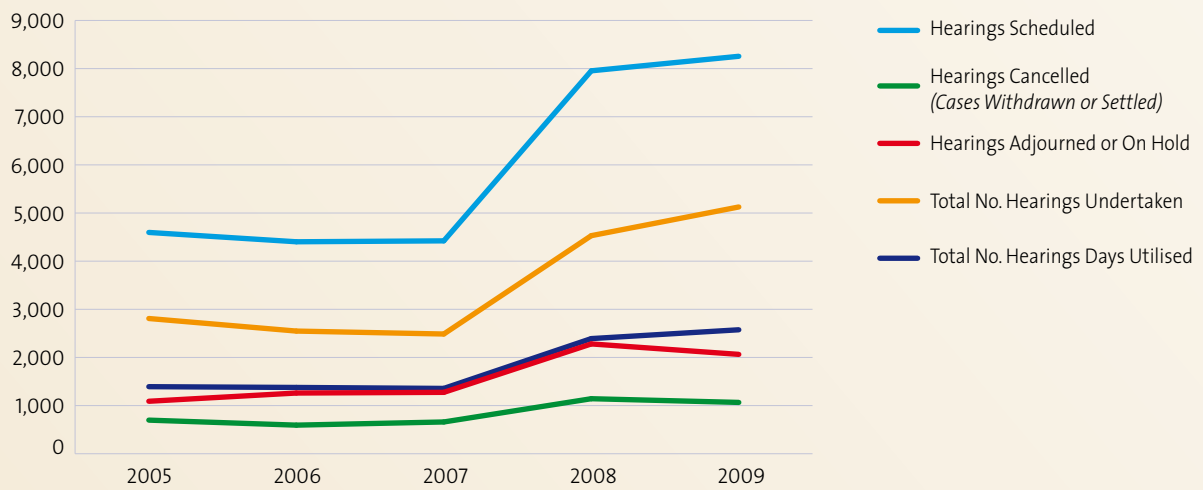
Year	No. of Referrals
2001	4,156
2002	5,692
2003	4,737
2004	4,749
2005	5,598
2006	7,179
2007	9,077
2008	10,978
2009	14,569

Referrals – ‘Year On Year’ Rate of Increase



Year	2004	2005	2005 Increase > 2004	2005 % Increase	2006	2006 Increase > 2005	2006 % Increase	2007	2007 Increase > 2006	2007 % Increase	2008	2008 Increase > 2007	2008 % Increase	2009	2009 Increase > 2008	2009 % Increase	2009 Increase > 2007
No. of Referrals	4,749	5,598	849	18%	7,179	1,581	28%	9,077	1,898	26%	10,978	1,901	21%	14,569	3,591	33%	61%

Hearings

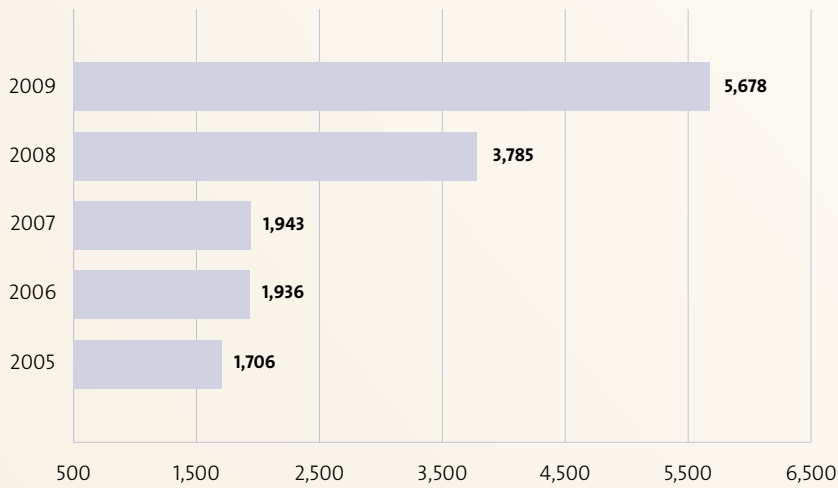


	Hearings Scheduled	Hearings Cancelled (Cases Withdrawn or Settled)	Hearings Adjourned or On Hold	Total No. Hearings Undertaken	Total No. Hearings Days Utilised
2005	4,597	698	1,090	2,809	1,393
2006	4,403	594	1,261	2,548	1,377
2007	4,422	660	1,275	2,487	1,357
2008	7,954	1,143	2,281	4,530	2,392
2009	8,256	1,066	2,064	5,126	2,575

Adjournments 2009

Adjournments Refused	293
Adjournments Granted on 1st request – Claimant	691
Adjournments Granted on 1st request – Employer	935
Adjournments Granted other	221
Adjournment Transactions Total	2,140

Recommendations-Determinations (Rec-Det) Issued



2006 Increases over 2005	2007 Increases over 2006	2008 Increases over 2007	2009 Increases over 2008
230	7	1,842	1,893
% Increase	% Increase	% Increase	% Increase
13.48%	0.36%	94.80%	50.01%

Corporate Services

Director of Corporate Services (shared) *and*
Secretary to the Board:

Secretary to the Audit Committee: Eddie Nolan

Assistant Principal Officer (shared): Brendan Smith
up to early 2009

Assistant Principal Officer (shared): Clare Eager
from early 2009

Higher Executive Officer: (Financials) Patricia Lynch

Accounts Officer: (Financials): Paul McMahon

Executive Officer: (Organisation) David O'Brien

Board Meetings

There were 8 meetings of the Board in 2009.

Strategy Statement 2011-2013

“Building Better Employment Relations in a Recessionary Period”

Following appointment of a new Board in July the Commission set itself a key objective of devising a Strategy for the organisation to take it through from 2011 to 2013. The economic circumstances have evolved enormously in that intervening period since July 2009 and the latest strategy takes cognisance of that changed environment. At this time of writing the strategy is nearing completion and will be published and accessible on the Commission’s Website at www.lrc.ie in July 2010.

Business Plan 2009


The Board approved the Business Plan for the Commission services in 2009 and reviewed the interim progress and final outcomes in July and December, respectively.

Code of Practice for the Governance and Conduct of the LRC

The Board applies procedures in accordance with the Code of Practice for the Governance of State Bodies. In addition, the Board and Commission have acted in accordance with the terms of the Organisation’s own ‘Code of Practice for the Governance and Conduct of the LRC’ as approved by the Board in 2007. A review of that Code commenced in October and will implement all relevant changes arising from the revised Code of Practice for the Governance of State Bodies published by the Department of Finance in mid-2009.

Audit Committee

The role of the Audit Committee, as part of the ongoing systematic review of the control environment and governance procedures within the Commission, is to report to and advise the Accounting Officer and the Board on internal control matters. The Internal Audit function is outsourced to an independent practitioner and her proposed Audit plans are considered and approved by the Committee as required and in the context of a structured programme of activity that ensures every relevant aspect of Commission activity is examined over a predefined timescale. In its consideration of Audit plans the Committee is always mindful of developments such as updated Guidelines on Corporate



Governance best practice and the related increasing range and detail of compliance obligations on both the Organisation and individual Management Personnel as new legislation, regulation and codes of practice are enacted.

The Audit Committee met on four occasions in 2009 and having considered relevant reports from the Auditor the Committee concluded that there is an effective system of internal controls in operation in the Commission.

Ethics in Public Office

All Board members, Rights Commissioners and relevant Officers of the Commission completed the appropriate returns under the Ethics in Public Office Acts, as required.

Staff of the Commission

The Commission wishes to acknowledge the dedication and professionalism of all staff in their commitment to their work in the service of the Commission. Regarding those colleagues who have moved on from the Commission in 2009, the Commission acknowledges their fine contribution also, and wishes each one well in the future.

PMDS

The Commission is committed to ensuring that best practice is employed in the delivery of all aspects of the PMDS so as to enhance the development of its staff and to ensure a pathway for constructive two-way communication is in place. Role Profiles and Interim Reviews were completed in a timely fashion for all staff members of the Commission. The provision of upward feedback is encouraged as a feature of the process.

Commission's Annual Accounts 2009

The un-audited accounts for 2009 are included in this Report. The process of examination of the accounts had only just commenced as publication of the Report was being finalised. The submission of the Audited Accounts to the Minister and the process of laying the Accounts before the Oireachtas will be completed as expeditiously as possible once the auditing procedures and the Report of the Comptroller and Auditor General are concluded.

Financial Statements

Un-audited Accounts

For The Year Ended 31st December 2009

These are Un-Audited Accounts.

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Statement of Responsibilities of the Commission

Section 31(1) of the Industrial Relations Act 1990 requires the Commission to prepare Financial Statements in such form as may be approved by the Minister for Enterprise, Trade and Employment after consultation with the Minister for Finance. In preparing those statements, the Commission is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Commission is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Commission and which enable it to ensure that the Financial Statements comply with Section 31(1) of the Act. The Commission is also responsible for safeguarding the assets of the Labour Relations Commission and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson

Commission Member

Statement on the System of Internal Financial Control

For the Year Ended 31st December 2009

Responsibility for the System of Internal Financial Control

As Chairman, I acknowledge the responsibility of the Labour Relations Commission for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Commission has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining management responsibilities and powers
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the Commission
- Developing a culture of accountability across all levels of the Commission

The Commission has established procedures to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the Commission including the extent and categories which it regards as acceptable
- Assessing the likelihood of identified risks occurring – a risk register is in place

- Assessing the Commission's ability to manage and mitigate the risks that do occur
- Assessing the costs of operating particular controls relative to the benefit obtained

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular, it includes:

- A comprehensive budgeting system with a monthly budget which is reviewed and agreed by the Commission
- Regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined purchasing and approval guidelines
- Formal project management disciplines.

The Commission employed a consultant, on a contract basis, as internal auditor to conduct a review of the effectiveness of the system of internal controls.

The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit Committee, the executive managers within the Commission who have responsibility for the development



and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that for the year ended 31st December 2009 the Commission conducted a review of the effectiveness of the system of internal financial controls.

Statement of Accounting Policies

For the Year Ended 31st December 2009

1 Basis of Accounting

These financial statements have been prepared under the accruals method of accounting, except as stated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the recognised accountancy bodies are adopted, as they become operative. The unit of currency in which the Financial Statements are denominated is Euro.

2 Oireachtas Grants

Income is accounted for on the basis of:

- Cash receipts from the Department of Enterprise, Trade and Employment;
- Payments made by the Department of Enterprise, Trade and Employment on behalf of the Commission.

3 Fixed Assets and Depreciation

The Labour Relations Commission adopts a minimum capitalisation threshold of €1,000. Fixed assets are stated at their cost less accumulated depreciation. Depreciation is charged at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis as follows:

Furniture, Fixtures and Fittings	10% Per Annum
Equipment	20% Per Annum

4 Capital Account

The capital account represents the unamortised amount of income used to purchase fixed assets and the value of assets transferred to the Commission.

5 Pensions

The Commission operates a non-contributory defined benefit pension scheme for one Officer which is funded annually on a pay-as-you-go basis from monies provided by the Department of Enterprise, Trade and Employment. Pension Scheme liabilities are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Enterprise, Trade and Employment.

Pension liabilities represent the present value of future pension payments earned to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Enterprise, Trade and Employment.

6 Stocks

Stocks of publications and stationery have no net realisable value and are not regarded as assets.

Income and Expenditure Account

For the Year Ended 31st December 2009

	Notes	€	2009 €	2008 €
Income				
Oireachtas grants	1		5,656,570	5,920,979
Net deferred funding for pensions	4(a)		120,000	109,000
Deposit interest			-	9
			5,776,570	6,029,988
Transfer (to)/from Capital Account	2		68,235	74,299
			5,844,805	6,104,287
Expenditure				
Salaries and related costs	3	4,259,403		4,213,767
Travel and subsistence		334,202		462,205
Commission members' fees	5	75,600		108,000
Rental of meeting rooms		146,621		160,148
Stationery and office supplies		31,866		48,972
Postage, carriage and telephone		169,312		151,927
Entertainment and catering		8,415		18,277
Research		78,987		93,500
Utilities & Office maintenance		156,866		192,478
Audit fee		8,750		8,750
Consultancy and professional fees		242,661		153,060
Miscellaneous		77,983		75,986
Printing		42,088		46,186
Training		8,823		13,738
Pension costs		120,000		109,000
Depreciation		96,403		131,562
Loss on disposal of fixed assets		-		349
			5,857,980	5,987,905
			(13,175)	116,382
Surplus/(Deficit) for year				
Balance at 1st January			121,888	5,506
31st December			108,713	121,888

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 12 form part of these Financial Statements.

Chairperson

Chief Executive

Statement of Total Recognised Gains & Losses

For the Year Ended 31st December 2009

	<i>Note</i>	2009	2008
		€	€
Surplus/(deficit) for the year		(13,175)	116,382
Experience gains/(losses) on pension scheme liabilities		(80,000)	(41,000)
Changes in assumption underlying the present value of pension scheme liabilities		-	-
Actuarial gain/(loss) on pension liabilities		(80,000)	(41,000)
Adjustment to deferred pension funding	<i>4(d)</i>	80,000	41,000
Total recognised gain/(loss) for the year		(13,175)	116,382

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 12 form part of these Financial Statements.

Chairperson

Chief Executive

Balance Sheet

As at 31st December 2009

	Notes	€	2009 €	2008 €
Fixed Assets	7		303,340	371,575
Current Assets				
Debtors and prepayments	8	100,608		134,583
Cash at bank and on hand	9	103,199		117,268
		203,807		251,851
Current Liabilities				
Creditors (amounts falling due within one year)	10	95,094		129,963
		95,094		129,963
Net Current Assets			108,713	121,888
Total Assets less Current Liabilities before Pension			412,053	493,463
Deferred pension funding	4(c)		1,300,000	1,100,000
Pension liabilities	4(b)		(1,300,000)	(1,100,000)
Total Assets less Current Liabilities			412,053	493,463
Represented By:				
Capital Account	2		303,340	371,575
Income and expenditure account			108,713	121,888
			412,053	493,463

The Statement of Accounting Policies and Notes 1 to 12 form part of these Financial Statements.

Chairperson

Chief Executive

Notes to the Financial Statements

For the Year Ended 31st December 2009

1 Oireachtas Grants

	2009	2008
	€	€
The Department of Enterprise, Trade and Employment provided grant funding during the year as follows:		
Paid over to the Labour Relations Commission	1,304,000	1,615,000
Paid directly by the Department	<u>4,352,570</u>	<u>4,305,979</u>
	<u>5,656,570</u>	<u>5,920,979</u>

2 Capital Account

	2009	2008
	€	€
Balance at 1st January	371,575	445,874
Transfer from Income and Expenditure Account		
Income applied to purchases of Fixed Assets	28,168	57,612
Net book value of assets disposed	o	(349)
Amortisation in line with depreciation	<u>(96,403)</u>	<u>(131,562)</u>
	<u>(68,235)</u>	74,299
Balance at 31st December	<u>303,340</u>	<u>371,575</u>

3 Salaries and Related Costs

All staff, other than the Chief Executive and the 15 Rights Commissioners, are Civil Servants assigned to the Commission by the Department of Enterprise, Trade and Employment. The charge of €4,259,403 includes fees of €1,384,003 payable to the fifteen (15) Rights Commissioners and €176,934 paid to the Chief Executive as his basic pay. The total number of staff employed at 31st December 2009 was 49 (2008 - 51) with a salary cost of €2,698,466 (salary 2008 €2,676,076).

4 Pension

(a) Analysis of total pension costs charged to Expenditure

	2009	2008
	€	€
Current service costs	60,000	57,000
Interest on Pension Scheme Liabilities	60,000	52,000
Balance at 31st December	<u>120,000</u>	<u>109,000</u>

(b) Movement in net pension liability during the financial year

	2009	2008
	€	€
Net pension liability at January 1st.	1,100,000	950,000
Current service cost	60,000	57,000
Interest cost	60,000	52,000
Actuarial loss/(gain)	80,000	41,000
Pensions paid in the year	-	-
Net pension liability at 31st December.	<u>1,300,000</u>	<u>1,100,000</u>

(c) Deferred funding for pensions

The Commission recognises these amounts as an asset corresponding to the unfunded deferred liability for pension on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the pension schemes, and the policy and practice currently in place in relation to funding public service pensions including the annual estimates process.

The Commission has no evidence that this funding will not continue to meet such sums in accordance with current practices. The deferred funding asset for pension as at 31st December 2009 amounted to €1,300,000 (2008: €1,100,000)

(d) History of defined benefit obligations

	2009	2008
Defined benefit obligations	1,300,000	1,100,000
Experience losses/(gains) on scheme liabilities:		
Amount	80,000	41,000
Percentage of scheme liabilities	(5%)	4%

The cumulative actuarial loss recognised in the Statement Total Recognised Gains and Losses amounts to €424,000.

Notes to the Financial Statements

For the Year Ended 31st December 2009 *(continued)*

4 Pension *(continued)*

(e) General description of the Scheme

The pension scheme is a defined benefit salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation on February 27th, 2010 by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31st December 2009.

The principal actuarial assumptions were as follows:

	2009	2008
Rate of increase in salaries	4%	4%
Rate of increase in pensions in payment	4%	4%
Discount rate	5.5%	5.5%
Inflation rate	2%	2%
Average life expectancy:		
Male aged 65	22	18
Female aged 65	25	22

5 Commission Members' Fees

The annual fees payable to Commission Members are as follows:

	2009	2008
	€	€
Chairman	16,800	24,000
Ordinary Members	58,800	84,000
	<u>75,600</u>	<u>108,000</u>

6 Rent and Rates

The Commission operates from offices provided on a rent free basis by the Office of Public Works.

7 Fixed Assets

	Furniture, Fixtures and Fittings	Equipment	Total
Cost	€	€	€
At 1st January 2009	446,080	726,880	1,172,960
Additions In Year	10,899	17,269	28,168
Disposals In Year	-	(9,129)	(9,129)
At 31st December 2009	<u>456,979</u>	<u>735,020</u>	<u>1,191,999</u>
Accumulated Depreciation			
At 1st January 2009	215,244	586,141	801,385
Charge for Year	40,595	55,808	96,403
Depreciation on Disposals	-	(9,129)	(9,129)
At 31st December 2009	<u>255,839</u>	<u>632,820</u>	<u>888,659</u>
Net book values			
At 31st December 2009	<u>201,140</u>	<u>102,200</u>	<u>303,340</u>
At 31st December 2008	<u>230,836</u>	<u>140,739</u>	<u>371,575</u>

8 Debtors & Prepayments

	2009	2008
	€	€
Debtors	4,941	39,458
Prepayments	17,400	16,858
OPW	78,267	78,267
	<u>100,608</u>	<u>134,583</u>

Notes to the Financial Statements

For the Year Ended 31st December 2009 (continued)

9 Bank & Cash	2009	2008
	€	€
Current account	101,649	115,850
Deposit account	1,333	1,333
Petty cash	217	85
	103,199	117,268

10 Creditors	2009	2008
	€	€
Accruals	86,344	96,246
Audit fee	8,750	8,750
Rights Commissioners	-	24,967
	95,094	129,963

11 Related Party Transactions

The Labour Relations Commission is an independent statutory body under the aegis of the Department of Enterprise, Trade and Employment. The Commission received grant aid from the Department of Enterprise, Trade and Employment and, due to various material transactions, this Department is regarded as a related party.

The Board adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interest by the Board members and these procedures have been adhered to in the year.

There were no transactions in the year in relation to the Board's activities in which the Board members had any beneficial interest.

12 Approval of Financial Statements

The Board has noted these are un-audited financial statements. The audited financial statements will be submitted to the Board for formal approval at the next available opportunity.



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