

# Labour Relations Commission

ANNUAL REPORT 2002

Presented to the  
Tánaiste and Minister for Enterprise, Trade and Employment  
Ms. Mary Harney, T.D  
in accordance with  
Section 27(3) of The  
Industrial Relations Act, 1990

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# Mission and Functions of the Labour Relations Commission

*“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 Development and Research service
- a Rights Commissioners 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/conferences on industrial relations/human resource management issues.

# Members and Officers of the Commission



*Caitriona Murphy  
Chairman.*



*Kieran Mulvey  
Chief Executive.*



*Liam Downey, Chief Executive  
Becton Dickinson & Co. Ltd.*



*Josephine Feehily, Revenue  
Commissioners.*



*Brendan McGinty, Director,  
IBEC.*



*Peter McLoone, General  
Secretary IMPACT.*



*Professor Rory O'Donnell,  
UCD.*



*Tom Wall, Asst. General  
Secretary, Irish Congress of  
Trade Unions.*



*James Palmer, Secretary to the  
Commission and Director of  
Administration.*



*Raymond McGee, Director of  
Conciliation.*



*Declan Morrin, Director of  
Advisory Development and  
Research Service.*

# Chairman's Statement



I am pleased to present this the 12<sup>th</sup> Annual Report of the Labour Relations Commission, which was established under the Industrial Relations Act, 1990. It reports on the Commission's activities for the year 2002, shows its budgetary allocation for that year and includes the latest audited accounts, namely those in respect of the year 2001. It is also the final report under my chairmanship as I completed my term of office in March 2003.

During 2002 the Board made substantial progress towards our previously stated goal of repositioning the Commission for the next five year period to provide the services that users perceive to be timely, effective and appropriate to the changing and increasingly complex industrial relations environment.

Our Strategic Framework 2002-2004 was launched by An Tánaiste, Mary Harney T.D. in January 2002. This was followed by the completion of an external review of our staffing, recruitment, grading and business processes by Mercer Human Resource Consulting. This review involved extensive consultation with staff and with external stakeholders. The Board welcomed the general thrust of the Review's recommendations, which allow for greater alignment of organisational structure and capability to our overall strategy.

Negotiations with Government to secure the additional resources necessary to start implementing the Review's findings were continuing at year-end and have since been substantially concluded. Many of the improvements called for are now being embodied in a major change programme, which will be reflected in annual business plans for 2003, and subsequent years.

I would like to express the Board's appreciation for a good year's work to the Chief Executive, Kieran Mulvey and to all of the Commission's staff, whose commitment and dedication to the delivery of timely and effective services to clients were borne out by the findings of the Mercer Review.

I would also like to convey the Board's appreciation to the Tánaiste, Ms. Mary Harney T.D, to the Minister of State, Mr. Frank Fahey T.D. and also to the Secretary General of the Department, Mr. Paul Haran and his staff for their interest, support and practical help in facilitating the work of the Commission. The Board was particularly appreciative of their support in commissioning and funding the staffing review and for the additional resources which are to be made available in 2003 to support the resulting change programme.

Finally I would like to thank my fellow Board Members for the generous commitment of their time and their wise counsel to the direction of the Commission's business.

**Caitriona Murphy**  
Chairman

# Chief Executive's Report



The Report of the Commission contains a comprehensive review of both the industrial and economic developments in Ireland for the year 2002. As was the case in previous years the Commission's services were again at high levels of demand with a particularly significant increase in the referrals to the Rights Commissioner Service.

The settlement rate for the Conciliation Service was over 80%, which in itself is a tribute to the voluntary dispute settlement approach. There was increasing involvement by the Commission in significant areas of the public service – health, education, public enterprises and state agencies. It is important to note, however, that almost two-thirds of cases referred to conciliation came from the private sector in 2002 and which in many sectors of the economy is undergoing restructuring, reorganisation and some rationalisation.

The ADRS division of the Commission was active in many areas of the public and private sector- public administration, health, the media, food, transport and the manufacturing sectors. The service was involved also in the processing of over 70 cases arising from the Code of Practice on Voluntary Dispute Resolution. (S.I.145 of 2000).

There is an increasing level of referrals to the Rights Commissioner Service under the Industrial Relations Acts 1969-90, the Payment of Wages Act 1991, the Organisation of Working Time Act 1997, the Protection of Employees (Part-Time Work) Act, 2001 and the Unfair Dismissals Acts 1977-93. These Acts collectively account for 95% of all referrals. Claims under the National Minimum Wage Act (2000) have cumulatively accounted for only 124 referrals since its enactment. This indicates that many employers are paying the minimum rate or above the minimum terms.

Additional legislation arising from further European Directives is expected in 2003 which will add to pressures on the service and may require additional appointments to this service.

Throughout 2002, the first totally external review of the operations of the Commission since its establishment in 1991 was conducted by Mercer Human Resource Consulting at the behest of the Department of Enterprise, Trade and Employment and the Board of the Commission. The Board broadly welcomes the consultants' report and the central thrust of the recommendations outlined.

The LRC's customers confirmed in the course of the Mercer Review that the LRC has two great strengths – the quality and commitment of its staff and its reputation for achieving successful outcomes to a wide array of human resource/industrial relations issues.

LRC staff, in the course of the review, were found to exhibit significant high levels of commitment to the LRC's mission and to addressing customer needs, both of which are very positive for the future development of the organisation. Staff's main concerns

as expressed in the course of the review were: current work pressures, retention, career development and rewards and the need for enhanced IT, business processes support and a better working environment.

Mercer in their report concluded;

- that staff levels are inadequate to meet service demands
- that current workloads are not sustainable
- that long term organisational capability requires development
- that there is limited capacity to undertake strategic development work
- that there was inadequate administrative support staff.

Mercer's recommendations were aimed at;

- reinforcing and building on LRC strengths in a more challenging environment
- delivering the service quality identified by its customers
- providing the capacity to enable the LRC to be more proactive, in future, in working to improve the overall industrial relations climate.

The Management and the Board of the Commission are in discussions currently with the Department of Enterprise, Trade and Employment and the Department of Finance, and the staff and their unions to give effect to these recommendations with a view to improving the industrial relations services to our customers and the overall capacity of the Commission to meet its current demands.

The Commission in 2002, published a new "Strategy Framework 2002-2004", a Customer Service Charter and launched a new LRC Review. The LRC through these publications intends to improve upon and inform the debate on industrial relations/ human resource management practices and procedures and enhance the added value element of its own services. These initiatives also provide a forum for the maintenance of a dialogue between the Commission and its major clients in the employer, trade union, and Government services constituencies.

The priorities of the Commission into 2003 will be to ensure as seamless as possible implementation of the principal recommendations in the Mercer Report, without any diminution in its services, and to meet the new pressures and obligations under the terms of the new national agreement – "Sustaining Progress".

As Chief Executive, I am extremely conscious that this organisation, which is entirely customer focused, is only as good as the staff who serve within it and the degree of co-operation we receive from employer, trade unions and their respective memberships.

I wish to acknowledge the continued commitment and dedication of the staff to the work and role of the Commission and the appreciation of the social partners for their endorsement of its services to them through their comments in the customer survey undertaken as part of the Mercer Report process.

**Kieran Mulvey**  
Chief Executive  
April 2003

# **Social and Economic Developments in 2002**

## **Chapter 1**

### ***Industrial Relations in 2002***

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#### ***Public Service Pay Benchmarking***

July 2002 saw the publication of the report of the Public Service Benchmarking Body (PSBB), set up to establish comparisons between the pay of public service workers and similar groups in the private sector. The report recommended a wide range of pay increases - from 2.5% to as high as 25% - averaging 8.9% across the sector. (Some examples: most teachers were awarded 13%, the basic nursing grade was awarded 8%, and civil servants were awarded between 6% and 14%.

From the outset, a key issue for the Government was how to spread payment of the terms recommended by the PSBB in such a way as to minimise the impact on public finances. The only negotiable element of the report was precisely when the recommended increases were to be paid – not the actual awards. A quarter of each pay recommendation was to be backdated to 1st December 2001, although actual payment of this 25% element was contingent on a negotiated agreement on the phasing-in of the remaining 75% of the awards.

In his December 2002 Budget, the Minister of Finance, as expected, made a €565 million provision for the first phase payment of 25% of benchmarking. The Government had already agreed to pay this element from December 2001, without any attached productivity concessions. The Minister made no provision for payment of the balancing 75%, payment of which was subject to final agreement on a modernisation/productivity package in the context of negotiations on a new national partnership agreement.

## **Negotiations on new partnership agreement**

Talks on a new national partnership agreement to replace the Programme for Prosperity and Fairness (PPF) commenced in early November 2002 and were perceived to be the most difficult negotiations since the current 'round' of partnership agreements commenced in 1987. During 2002, the social partnership model had faced mounting criticism, particularly from some economic commentators, who argued that it was no longer suitable to Ireland's economic conditions. On balance, however, despite the difficulties that concluding a national pay agreement would pose, the social partners believed that it was worth persevering with national agreements.

The National Economic and Social Council (NESC), which has traditionally drawn up the blueprint for talks ahead of negotiations between the social partners on national agreements, released its three-year strategy report, *An Investment in Quality: Services, Inclusion and Enterprise*. However, full publication only came after the actual negotiations on a new agreement had begun. NESC traditionally provides the negotiators with a set of broad parameters in a variety of key areas, such as wage bargaining; taxation; investment; inflation, social inclusion; and labour market issues.

Essentially, the private sector pay element emerged as the main, but not the only, stumbling block to a new national agreement as 2002 drew to a close. Employer and union negotiators were locked in negotiations over what would represent an appropriate pay formula for any new agreement in the private sector. Meeting the key employer demand of maintaining competitiveness and delivering improved compliance, while securing sufficient gains for trade union members to offset rising inflation, was proving especially difficult.

Nonetheless, the harsher economic and employment conditions in 2002, allied with a spate of factory closures, prompted some industry observers to note that a poorer economic outlook would be likely of itself to impose a strong degree of adherence to any national agreement that emerged. Indeed, during 2002, there was a discernible cooling off in the level of "above the norm PPF" pay deals. The independent *Industrial Relations News* (IRN) recorded that the level of adherence to the basic terms of the PPF remained surprisingly high in the unionised private sector.

Both the Irish Business and Employers Confederation (IBEC) and the Irish Congress of Trade Unions (ICTU) sought Government initiatives on inflation, an issue of joint concern, as it eroded real pay, living standards and competitiveness.

The Government increased the minimum wage from €5.97 to €6.35 per hour on 1 October 2002. This was the second increase to be implemented under the PPF, although it had little impact on overall trends in income and wealth distribution.

## **Trade union recognition and representation**

The issue of trade union recognition and representation rights continued to be a contentious issue in 2002. As the year progressed, trade unions displayed increased dissatisfaction with existing recognition procedures covered by the Industrial Relations

(Amendment) Act, 2001. A number of disputes over trade union recognition highlighted the sensitivity of this issue.

In a submission to Government, the Irish Congress of Trade Unions argued for statutory recognition along the lines introduced in the UK two years ago, as well as changes to the so-called 'right to bargain' provisions introduced under the Industrial Relations (Amendment) Act, 2001.

Employer organisations continued to oppose mandatory trade union recognition, fearing that it would have a negative impact on attracting and retaining foreign direct investment (FDI). A number of industrial relations observers suggested that if fundamental change were to occur in regard to the union recognition issue, the impetus would be likely to come from the European Union or the European Court of Justice.

### ***Trade union 'structural' changes***

The ICTU established a new private sector industrial committee to act as a recruitment and organisational mechanism, and to alter the perceived imbalance within Congress between private and public sector trade unions. SIPTU and the TEEU were the prime movers behind the new committee, whose constitution regards it as a means by which private sector unions "can co-ordinate and organise to address issues of common interest".

In another key 'structural' change, the country's largest general union, SIPTU and the craft union, TEEU, announced their intention to establish a Trade Union Federation (TUF). Formally scheduled to come into being in 2003, TUF was expected to involve both unions in the creation of loose national and regional structures. Crucially, however, no change in the existing legal status of the two unions was planned, a fact that left each free to pursue independent positions on key issues such as centralised pay bargaining. With an estimated 220,000 members in SIPTU and around 35,000 in the TEEU, the move is expected to assume more significance in the longer term.

The AEEU merged with another UK-based union, Manufacturing, Science and Finance (MSF), to form Amicus on 1 January 2002. Amicus is now the largest private sector union in Britain, with up to 30,000 members in the Republic of Ireland.

### ***Industrial action***

Strike activity remained at a historically low level in 2002, despite a number of high profile disputes, particularly in the health and education sectors. Figures from the Central Statistics Office (CSO) show that 21,257 days were lost due to industrial disputes during 2002 compared to the 114,613 days lost in 2001. (See Figure 1, page 15).

There was significant conflict in the health sector during the year, with several of hospital disputes occurring against a backdrop of pressure to control health spending.

One of the highest profile disputes in the health sector was the junior doctors' dispute over new work rosters, involving the Irish Medical Organisation (IMO) and the Health Service Employers Agency (HSEA). Talks on the dispute took place under the aegis of the LRC and were largely resolved by this intervention.

There were hopes that the three-year pay dispute between the Department of Education and the Association of Secondary Teachers in Ireland (ASTI), the non-ICTU teachers union, might be drawing to a close at year end. Expectation of a settlement came after the union's 17,000 members voted by a margin of almost two-to-one to accept the Department's offer on supervision and substitution. However, by the end of the year it again became evident that a number of issues between the parties remained unresolved. Tensions both within the union and between it and the Department indicated that relationships remained fragile.

In Aer Lingus, a major 'survival plan' – amended by the Commission in late 2001 – was successfully implemented by management and employees over the course of 2002. However, a dispute related to changes in the rosters of the company's 500 pilots, remained unresolved. The dispute eventually led to a decision by Aer Lingus to cancel flights for four days when faced with the threat of serious industrial action by the pilots. The dispute was eventually resolved in May, following the successful intervention of the Labour Court. Despite management forecasts in early 2002, there were indications that the company was set to return to strong profits by the end of the year.

## ***Employee participation***

The EU Directive on national information and consultation rules came into force in March 2002, and has to be transposed into Irish law by March 2008. It received mixed reviews from the social partners and looks set to have major implications for Irish industrial relations.

The ICTU is strongly in favour of the Directive, which it believes could play a vital part in improving worker information and consultation rights relating to workplace change and restructuring, and provide a boost to enterprise-level partnership arrangements. By contrast, employer groups have opposed the Directive because they view it as a potential burden and restriction on business activity. IBEC is opposed to mandatory employee representation structures such as works councils, instead preferring a voluntarist system that reflects the competitive situation of individual companies. The same can be said of their opposition to statutory union recognition.

March witnessed the formal launch of the National Centre for Partnership and Performance (NCP), a body that seeks to provide institutional support for the wider diffusion of organisational change based on workplace partnership. The NCP replaced the less well-resourced National Centre for Partnership (NCP), which was set up under a previous national agreement, Partnership 2000. The NCP acknowledged that, while there has been a significant level of innovation and experimentation with partnership-based approaches to decision-making in Irish companies, there is little compelling evidence that partnership has become part of the mainstream approach to change.

## **Employment and training**

In the National Action Plan (NAP) for employment, the Minister for Enterprise, Trade and Employment and the social partners expressed overall satisfaction with the functioning of the labour market, but urged greater progress in relation to lifelong learning and workforce upskilling, amongst other issues.

Vocational training and lifelong learning is a key issue for employers and unions. In May 2002, IBEC launched a new social policy document entitled *Social Policy in a Competitive Economy*. The document points to the need to up-skill those in employment if Ireland is to attract higher value-added employment. A variety of responses are required to promote life-long learning and employability, IBEC argued, including ongoing public and private investment in training for those at work, and measures to improve adult literacy levels. Nationally recognised diplomas for skills developed on the job were also recommended.

The state training organisation, FAS, launched a new strategy for 2002-2005. An emphasis on up-skilling, and improving the quality of the labour force, will form a key part of this strategy.

## **New forms of work**

The main legislation development in this area concerned the implementation of the EU Fixed-Term Contract Directive. A 'reasoned opinion' was sent by the European Commission to the Irish Government at the end of the year, over the failure to implement the Directive, which prohibits discrimination against fixed-term contract workers (the original deadline was June 2001). The Government has since stated that it intends to pass the legislation soon, and it is likely that it will be in place early in 2003.

## **Redundancy payment disputes**

The level of statutory redundancy entitlement, and the refusal of a small number of employers to accept Labour Court recommendations relating to severance pay, proved to be a contentious issue in 2002. There were serious disputes at Irish Glass Bottle (IGB) and Peerless Rugs, both of which attracted much media attention. Such was the apparent depth of feeling on the issue that several trade unions engaged in a national day of protest on 4<sup>th</sup> October. Fears of widespread disruption proved unfounded, but the issue was placed on the agenda for talks on a new national agreement at the end of the year.

## **Public sector employment**

Acting as a cushion to the disimproving employment situation in the private sector over the course of the year, public sector jobs expanded for much of the year. However, circumstances changed as a result of the Budget (December 2002), when the

Minister for Finance announced, as a first step, that the number employed across the public service was to be capped at then current “authorised” levels with immediate effect. The Government also decided that there would be a reduction of 5,000 in public service numbers over the next three years.

## ***Sustaining Progress 2003-2005***

In mid-January 2003, the Government and the social partners finalised the terms of a new national agreement to replace the Programme for Prosperity and Fairness (PPF), which ended in December 2002. The proposed agreement, Sustaining Progress 2003-2005, provides for a phased 7% pay increase over 18 months in the context of a three-year partnership agreement. This means that the social partners expect to negotiate a further 18-month pay agreement in 2004.

Agreement was also concluded on the phased payment of various pay awards recommended by the Public Service Benchmarking Body (PSBB), as well as an attendant series of ‘modernisation’ measures.

Key industrial relations features of Sustaining Progress include: enhanced ‘enforcement’ measures to ensure compliance with the pay terms; increases in statutory redundancy pay; and a reduction in the number of procedural steps required under the so-called ‘right to bargain’ provisions of the Industrial Relations (Amendment) Act 2001.

### ***Main Provisions of Sustaining Progress:***

The pay agreement provides for an increase of 7% over 18 months, to be implemented in the private sector as follows:

- 3% for the first nine months;
- 2% for the next six months; and
- 2% for the final three months.

The same pay terms apply in the public service, but with an initial six-month pay pause, as follows:

- 3% from 1 January 2004;
- 2% from 1 July 2004; and
- 2% from 1 December 2004.

### ***Enforcement measures***

Disputes in respect of the pay agreement (in the private sector) are, if necessary, to be referred for a binding Labour Court determination if they are not resolved locally or at LRC conciliation level. This is allowed for under section 20 (2) of the Industrial Relations Act 1969, which covers binding determinations. The issues covered include: (i) employers’ claims of inability to pay; (ii) claims that cost offsetting measures are

needed to pay the terms; and (iii) in cases where there is a dispute regarding what constitutes normal ongoing change.

The National Implementation Body (NIB), representing Government, IBEC/CIF and ICTU is "to ensure delivery of the stability and peace provisions of the Agreement". Where particular difficulties arise or are anticipated, the NIB may be convened at short notice and where particular problems emerge, the NIB "may make recommendations to the social partners by way of further procedural changes necessary to ensure the effective delivery of the spirit and intent of the Agreement".

### **Benchmarking**

Formal agreement was concluded in negotiations between the Government and the public sector trade unions on the implementation of the 2002 report of the Public Service Benchmarking Body (PSBB), which was established under the PPF. The report, which compared public service pay with private sector comparators, awarded an average pay increase of 8.9% across the public service, to be implemented as follows:

- 25% of the total increase backdated to 1 December 2001;
- 50% of the increase from 1 January 2004; and
- 25% of the increase from 1 June 2005

Agreement was also concluded on a range of modernisation issues, implementation of which is related to payment of the benchmarking pay awards. Any comprehensive assessment of the wider social and economic benefits (or otherwise) of the benchmarking process will, ultimately, depend on the quality of delivery of the agreed modernisation agenda.

### **Worker representation**

The Government is prepared to propose amending legislation and changes to statutory codes, in order to enhance the procedures by which trade unions can represent their members' interests, on the lines agreed in outline between the two sides.

A significant change has been agreed in the current 'right to bargain' provisions of the Industrial Relations (Amendment) Act 2001, which do not allow for trade union recognition, but provide for a series of procedures that may result in a binding Labour Court determination on specific workplace issues. The 'good faith' protocol in the current legislation is to be done away with, while the overall timeframe, from the formal beginning to the end of the process, is to be shortened from 18 months (or more) to between six to eight months. This will involve four key stages: referral to the Labour Relations Commission; a full Labour Court recommendation; a binding Labour Court determination; and a Circuit Court hearing (if necessary).

On the issue of union demands for formal statutory trade union recognition, the negotiators came to no agreement on what remains a highly sensitive issue for government and employers.

## Statutory redundancy terms

The government, under *Sustaining Progress* is committed to enhancing statutory redundancy pay terms to provide for two weeks' pay per year of service, with the abolition of differentiation by age, and to retain the existing 'bonus week' in the calculation of payments. Currently, statutory redundancy pay entitlement amounts to half a week's pay per year of service up to age 41, and one week's pay per year of service from age 41 onwards.

## Statutory minimum wage

The government undertook to increase the statutory national minimum wage from its current level of €6.35 per hour to €7 per hour, with effect from 1 February 2004. (*Sustaining Progress*, unlike its predecessor, the PPF, does not provide for a minimum cash pay increase for the lower paid).

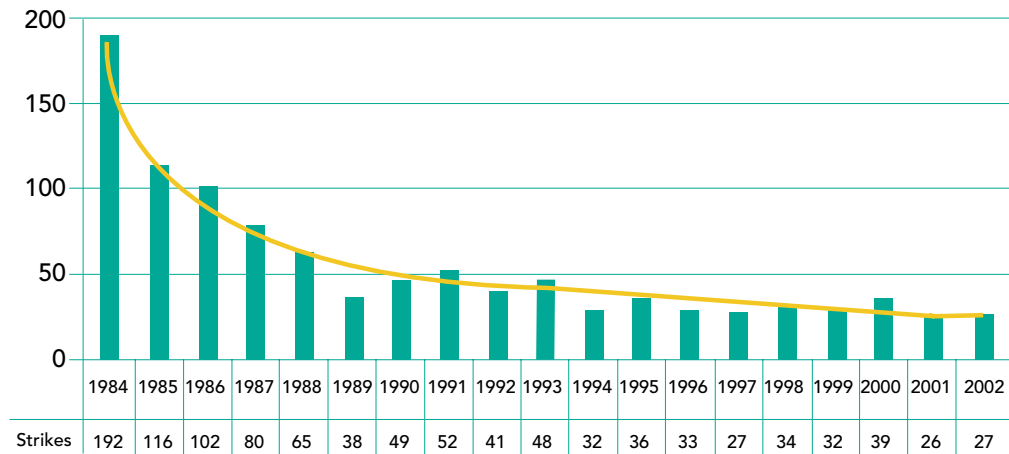
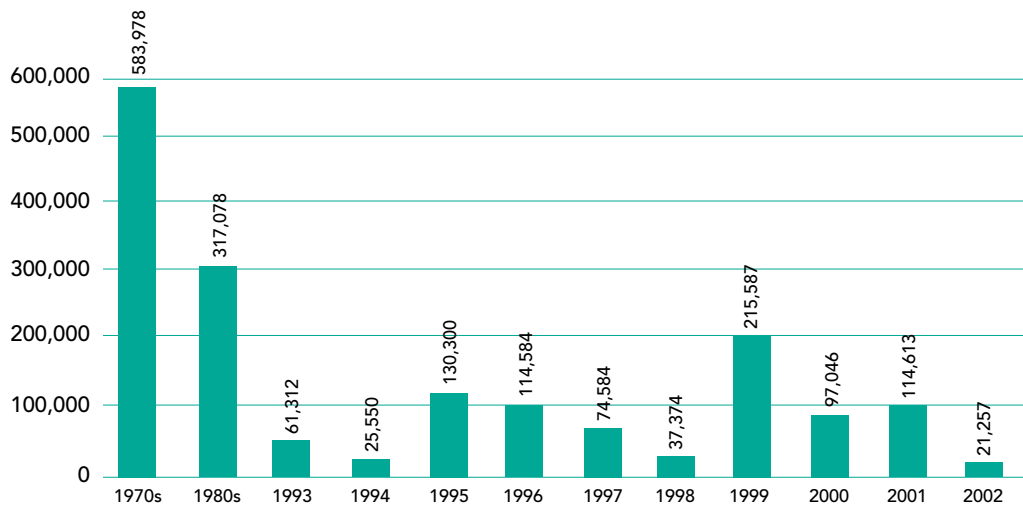
## Industrial Disputes in 2002

According to the Central Statistics Office, there were 21,257 days lost due to industrial disputes during 2002. This is the lowest annual total going back as far as 1970. The 2002 total represents a sharp fall from the 114,613 days lost in 2001. The total days lost in 2002 remain significantly less than the total days lost in 2001 even allowing for the impact the teachers' dispute had on the 2001 figures. There were 27 industrial disputes in 2002, all of which began in the year. The 27 disputes in progress in 2002 affected 3,553 workers and 43 firms (Figure 1).

**Figure 1: Industrial Disputes in 2002 – by Industrial Sector**

Industrial Group	Number of Disputes	Number of Firms	Number of Workers	Total Days Lost
Agriculture, forestry, fishing	–	–	–	–
Mining, quarrying, turf production	–	–	–	–
Manufacturing	5	5	808	8,989
Electricity, gas, & water	–	–	–	–
Construction	1	1	12	12
Wholesale and retail trade	2	2	149	86
Hotels and restaurants	1	1	35	368
Transport, storage & communication	4	5	734	2,958
Financial and other business services	–	–	–	–
Public administration and defence	1	1	454	973
Education	3	3	48	348
Health and social work	7	22	1,264	5,465
Other services	3	3	49	1,258
<b>Total 2002</b>	<b>27</b>	<b>43</b>	<b>3,553</b>	<b>21,257</b>

Source: Central Statistics Office [www.cso.ie](http://www.cso.ie)

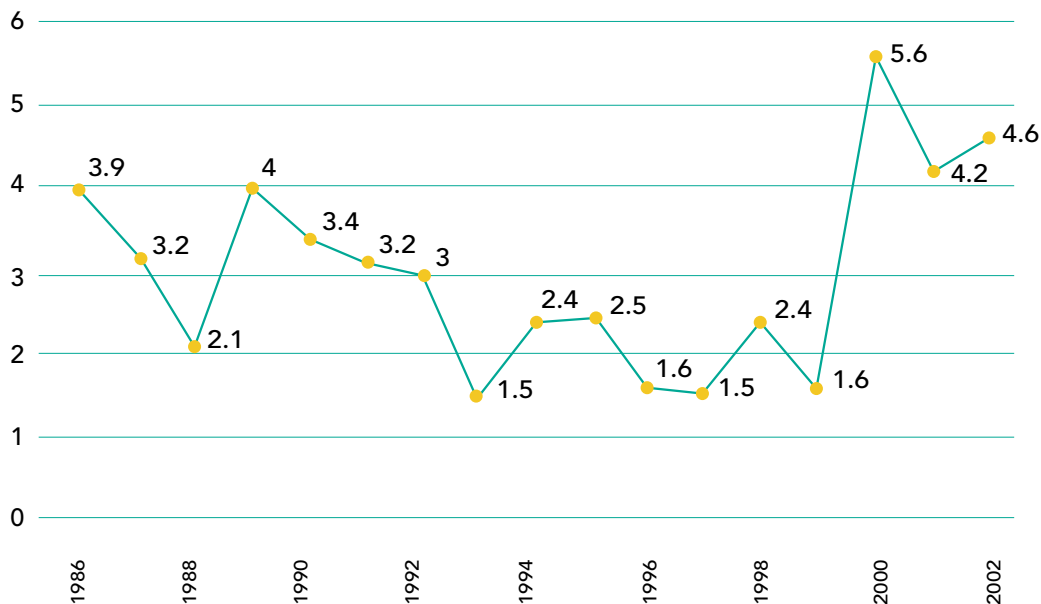
**Figure 2: Ireland – Strike statistics and trends****Figure 3: Annual Days Lost due to Industrial Action in Ireland**

## The Economy in 2002

Forfás reported that domestic economic conditions remained robust throughout 2002, although activity slowed somewhat from the performance of the previous year in line with deteriorating global economic conditions. Real GDP growth ranged 3.5%-4.0% on average in the year (with real GNP growth at around 3%). While this outturn represents a significant slowdown from 2001, growth was still running at more than twice the EU average pace of growth. Gains from net trade weakened throughout the year as export growth decelerated, although this was accompanied by a slowdown in import growth in response to the weakening domestic economy. Private consumption growth also eased – in line with slowing income gains and deteriorating confidence. This was partly offset by continued strong growth in public spending. Private investment growth remained weak throughout the year, although there was some evidence that the downturn was bottoming out.

Rising non-employment costs and consumer prices throughout the year further eroded Ireland's competitiveness on the international stage, resulting in job losses in those sectors exposed to international trade. The annual rate of inflation for 2002 was 4.6% up from the average for the year 2001, 4.2% (Figure 4). Salary growth appeared to decelerate across the business sector, although many non-traded sectors of the economy, including public services, saw continued strong wage gains even with weakening economic and labour market conditions. Though work on implementing important elements of the National Development Plan continued in 2002, persisting infrastructural deficits constrained the potential for fuller sustainable development across the economy. Despite strong rises in current and capital spending and weaker than expected tax receipts, the public finances remained in surplus. The ratio of Government debt to GDP remained the second lowest across the EU.

**Figure 4: Consumer Price Index 1986-2002**



## The Labour Market in 2002

### Labour Force

According to the Central Statistics Office, the labour force increased by 29,200 in the year to 1,854,700 in the fourth quarter. The male participation rate decreased during the year from 71.1% to 70.8% while the female rate increased from 48.6% to 48.9%.

### Employment

Employment increased, on average, by 23,600 or 1.4% in 2002. This compares to average annual increases of 2.9% in 2001, 4.7% in 2000 and 6.3% in 1999. The average

number of women in employment in 2002 was 20,500 higher than in the previous year whereas the number of men increased by 3,300.

In the fourth quarter of 2002 there were 1,770,700 people in employment - an increase of 17,800 in the year and a seasonal decrease of 24,100 in the quarter. In the fourth quarter of 2002, the employment rate for the population aged 15 to 64 was 65.0%, a slight decrease on the previous year when the employment rate was 65.5%.

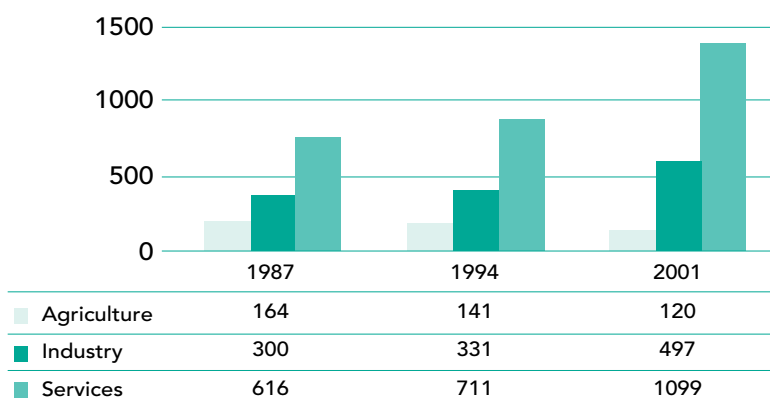
### Unemployment

There were 84,100 people unemployed in the fourth quarter. This represented a seasonal decrease of 2,600 in the quarter but an annual increase of 11,500 on the fourth quarter of 2001 when there were 72,600 people unemployed. The unemployment rate was 4.5% in the fourth quarter of 2002, compared with 4.0% in the fourth quarter of 2001. The Live Register rate increased from 3.8% in 2001 to 4.3% in 2002. (Figure 6). There were 25,238 redundancies notified to the Department of Enterprise, Trade and Employment in 2002, up over 27% on the previous year.

### Redundancies Notified to the Department of Enterprise, Trade and Employment 1997-2002

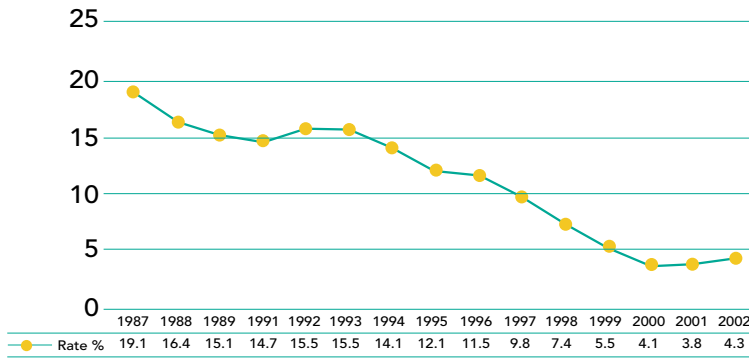
Year	1997	1998	1999	2000	2001	2002
Redundancies notified	11780	12893	13664	13316	19828	25238
Year-on-year % change	-9.4%	9.4%	6.0%	-2.5%	48.9%	27.3%

Figure 5: Numbers at work 1987-2001 (000s)



Note: Figures for 2001, as at end May 2001.

Figure 6: Live Register 1987-2002



Figures shown in the chart are annual averages.  
Source: Central Statistics Office [www.cso.ie](http://www.cso.ie)

# The Commission's Services in 2002

## Chapter 2

### Summary of activity 2002

Conciliation	Referrals	1,693
	Meetings	2,150
Employment Rights	Referrals	5,695
Advisory, Development and Research Service (ADRS)	Diagnostic Audits / Joint Working Parties / Facilitation Projects / Advice	44
	S.I. 145 Code of Practice on Voluntary Dispute Resolution (since introduction in 2000)	41
	<b>Total ADRS</b>	<b>85</b>

### Summary of activity 1991 - 2002

Conciliation	Referrals	20,900
	Meetings	25,300
Employment Rights	Hearings	16,400
Advisory, Development and Research Service (ADRS)	Projects completed	395

### MISSION STATEMENT

*“To provide an impartial, fast and effective conciliation service operating to a uniformly high standard in both the public and private sectors”.*

The Conciliation Service is organised on a regional basis, a Dublin-based centre and a division for major commercial semi-state companies and services. The teams for these services as they stood at the end of 2002 are as follows:



#### North West/North East Region

Sheamus Sweeney, Brendan Cunningham, Therese O’Sullivan. Insets: Fiona Gallagher (top) and Marie Flynn (bottom)



#### Mid-West/South-West Region

John Agnew, Marguerite Whyte, John Kelly



South-East Region

Brian McGinn, Karen Buchanan, Paul Brennan

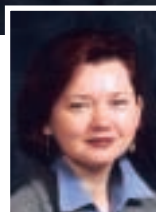
Southern Region

Kevin Foley, Louis Mooney, Margaret Sweeney



Western Region

Damien Cannon and Lena Kavanagh.  
Inset: Anna Perry





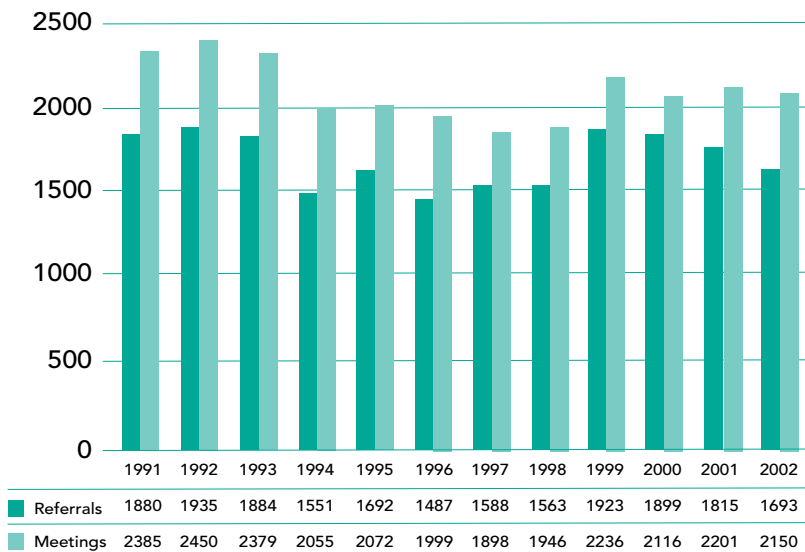
**Head Office/Commercial Semi-States**

Suzanne Brennan, Tom Pomphrett, Brian Stokes, Marian Smith, Raymond McGee

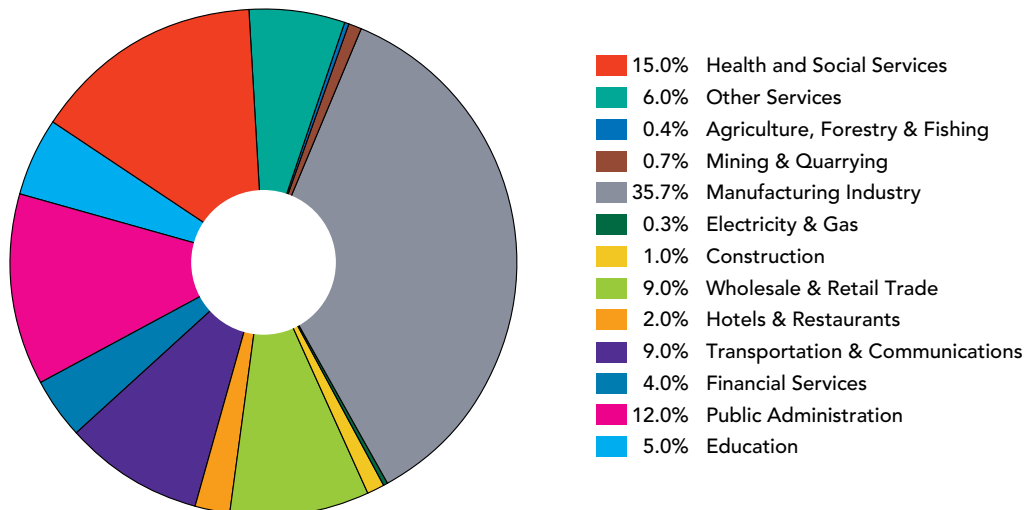
**Overview of Conciliation Activity in 2002**

A total of 1,693 new disputes were referred to the Conciliation Service in 2002. These disputes necessitated 1,979 full conciliation conferences and 171 various other meetings, giving a total for the year of 2,150 meetings. Figure 7 shows the trend in disputes referred and meetings generated for the years 1991 to 2002 inclusive.

**Figure 7: Disputes referred and meetings held 1991-2002**



1,113 of the disputes referred (65.7%) came from the Private Sector while 580 disputes (34.3%) originated in the Public Sector. The ratio of meetings generated was virtually identical (Private Sector: 65.5% v Public Sector: 34.5%). Figure 8 shows the origin of disputes referred to Conciliation in 2002 by industrial sector. Over 70% of all disputes referred to Conciliation were generated in four sectors: manufacturing, health and social services, public administration and the wholesale and retail trade.

**Figure 8: Industrial Sector Origin of Disputes Referred to Conciliation in 2002**

Specific major disputes in which the Commission conciliated in 2002 included the following enterprises and their associated trade unions:

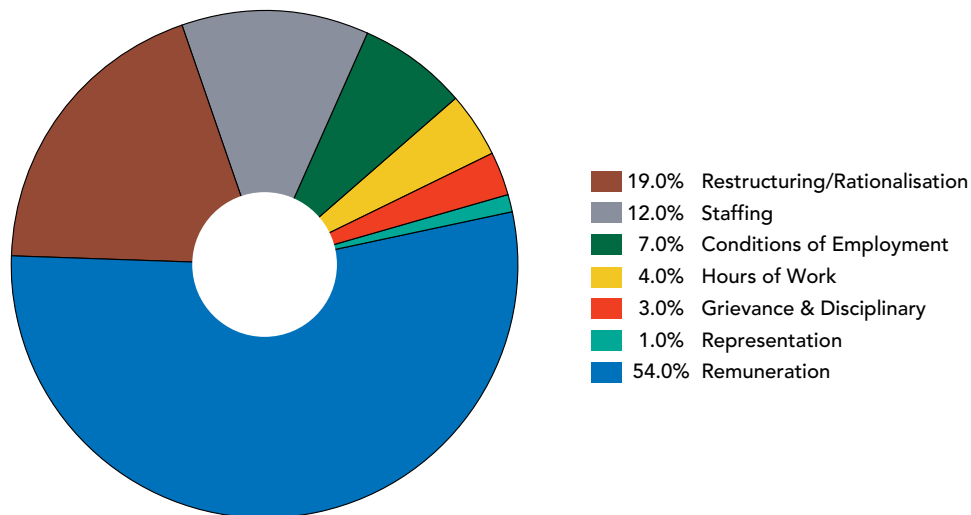
Irish Blood Transfusion Service/Unions  
 HSEA/IMO (NCHDs)  
 HSEA/Nursing Unions (A&E Dispute et seq)  
 NTL/Union Group  
 UDV/SIPTU  
 An Post/CWU and other Unions  
 Cityjet Handling/SIPTU  
 Becton Dickinson/Union Group  
 Dairygold/SIPTU  
 Permanent TSB/Union Group  
 Heatons/MANDATE & SIPTU  
 Irish Times/Unions  
 Pfizer/SIPTU and Craft Unions  
 Commercial Banks/IBOA & SIPTU  
 Aer Lingus/IMPACT & SIPTU - Various Groups  
 Ardagh/IGB/Unions (Survival Plan and Closure)  
 Youghal Carpets Yarns/Unions  
 Central Bank of Ireland/MSF & SIPTU  
 Iarnrod Eireann/Unions  
 Pierce Engineering/AEEU  
 Glanbia (Various)  
 Golden Vale/SIPTU  
 Pickering Lifts/TEEU  
 Legal Aid Board/SIPTU & MSF

The Service was also involved in:

- Parallel Benchmarking Exercise
- Health Service Disputes (Various)
- Teachers' Conciliation Council
- CIF/BATU Dispute Tribunal
- Mergen and Bord Failte & NITB into Tourism Ireland
- Forensic Science Laboratory (restructuring)

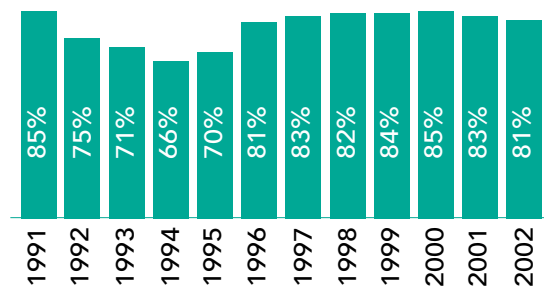
Disputes involving remuneration, and programmes of restructuring/rationalisation, accounted for nearly three-quarters of the total number of referrals to the Conciliation Service. Figure 9 charts disputes referred in 2002 categorised by principal issue in dispute.

**Figure 9: Disputes Referred to Conciliation in 2002, categorised by Principal Issue in Dispute**



81% of cases were successfully resolved at Conciliation. Figure 10 shows comparative settlement rates at Conciliation for the years 1991-2002 and demonstrate a consistently high average for the last quinquennial period (1998-2002) of 83%.

A total of 320 cases were referred to the Labour Court for investigation and recommendation. Of the cases referred to the Labour Court, 60 involved 5 workers or fewer, as shown in Figure 11.

**Figure 10: Conciliation Service Settlement Rate 1991-2002****Figure 11: Referrals to the Labour Court involving five or fewer workers**

Number of workers	5	4	3	2	1	Total
Number of referrals	3	8	11	13	25	60

## MISSION STATEMENT

*“To work closely with employers, trade unions and employees to promote, develop and implement best industrial relations policies, practices and procedures, in order to enhance the economic well-being of the enterprise, and assist in employment creation and retention”.*



Front row, left to right: Maedhbh Cronin, Declan Morrin, Cathy Dolan. Back row, left to right: Larry O’Grady, Seamus Doherty, Leo Costello, Pat Mulhall, and Hugh Lonsdale.

## *The Advisory Development and Research Service in 2002*

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### *Service Delivery*

The Advisory Development and Research Service (ADRS) works with employers, employees and trade unions in non-dispute situations to develop effective industrial relations practices, procedures and structures that best meet their needs. The Service is independent, impartial and its staff is experienced in industrial relations practice and theory.

In discussion with the parties, the staff of the Service will tailor assistance to individual union/management requirements. This assistance is confidential to the parties and free of charge.

The Service assists employers and employees build and maintain positive working relationships and works with them to develop and implement on-going effective problem-solving mechanisms. With these in place, the organisation (management and employees) is free to concentrate on core objectives, meet competitive challenges, implement organisational change and positively address employee expectations and concerns.

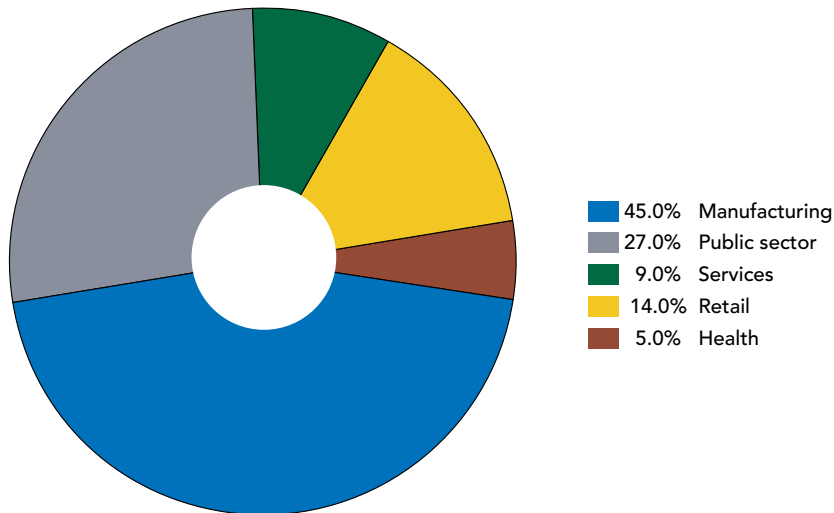
### *Diagnostic Audits*

Where a broad range of problems are perceived to exist or where the parties wish to gain a greater understanding of the dynamics at play in an organisation, it may be appropriate to conduct a thorough examination of industrial relations practices and procedures together with a survey of the views of all the groups in the enterprise. Such interventions are known as 'diagnostic audits'.

The audit is presented to the parties in the form of a confidential report containing findings, conclusions and recommendations. The Service provides further support in terms of post-report monitoring and, where necessary, assistance with the implementation of the required changes and improvements.

The Service completed 22 such audits in 2002, 8 in the public sector and 14 in the private sector.

**Figure 12- Diagnostic Audits – Sectoral origin of cases completed in 2002**

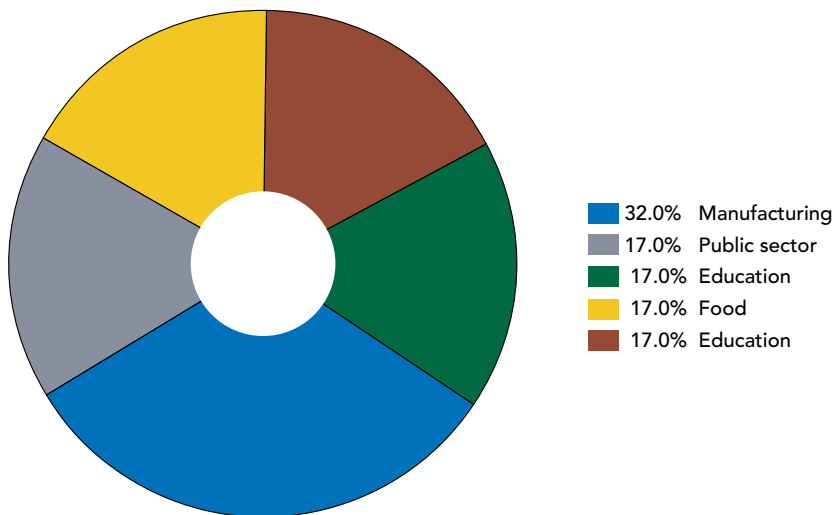


### **Joint Working Parties**

The Service chairs joint sessions of company management and employees representatives working together to agree and implement recommendations or decisions to improve industrial relations in their workplace. This service is designed to give the parties direct involvement in developing mutually acceptable solutions to their difficulties.

In 2002, five joint working parties were ongoing and five completed their work:

**Figure 13 - Joint Working Parties- Sectoral origin of cases completed in 2002**



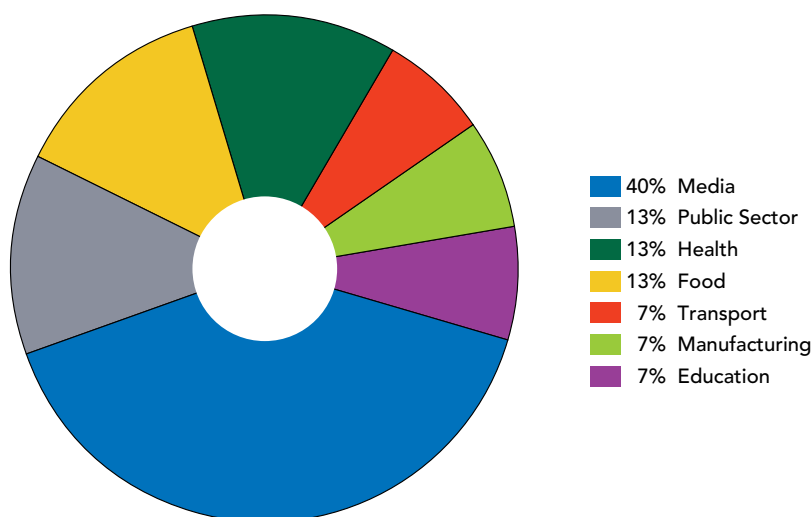
### **Preventive Mediation/Facilitation**

Assistance is often required in situations where parties anticipate future difficulties. The ADRS assists in such cases by providing preventive mediation.

Many organisations require assistance to improve work organisation. The Service advises on and develops specific disputes and grievance procedures, new work practices, structural change and other measures required to maintain and enhance competitiveness.

In 2002, 16 such projects were completed.

**Figure 14 - Facilitation Interventions - Sectoral origin of cases completed in 2002**



### Advice

In some instances employers and trade unions (together or separately) approach the ADRS for detailed advice on good practice when putting in place negotiating agreements, grievance/disciplinary procedures and other industrial relations frameworks. In 2002, the Service provided assistance in two such cases.

### Voluntary Dispute Resolution – SI 145 of 2000

The major objective of the Code of Practice is to provide a recognised framework that has the full support of all the parties for the processing of disputes arising in situations where negotiating arrangements are not in place and where collective bargaining fails to take place. Section 2 of the Code sets out a procedure, to be facilitated by the ADRS, which is designed to assist management and unions to resolve the issues in dispute.

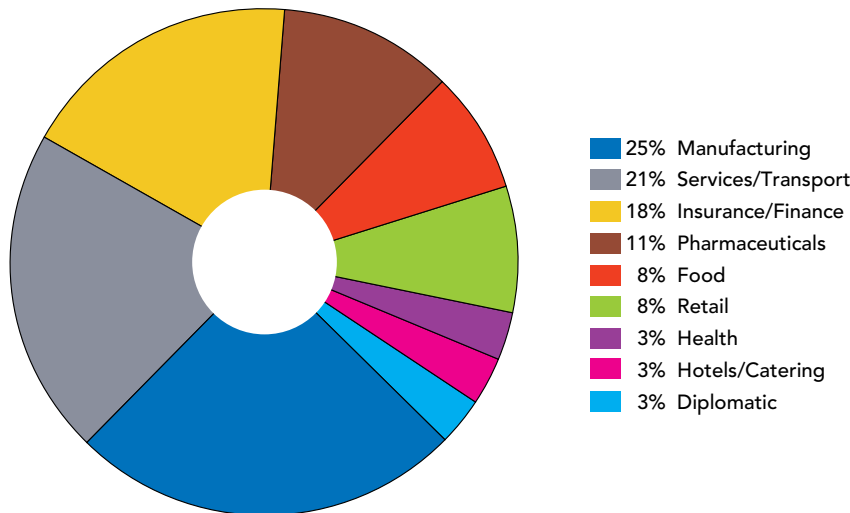
In addition to the Code, the Industrial Relations (Amendment), Act 2001 provides for a Labour Court investigation if the Court is satisfied that:

- collective bargaining does not take place in the enterprise concerned,
- the employer has either failed to observe the Code of Practice or failed to act in good faith,
- the trade union, excepted body or employees concerned have not resorted to industrial action after the issue was referred to the ADRS under the Code of Practice.

Under the Code the ADRS provides assistance to parties in the resolution of issues where negotiating arrangements are not in place and where collective bargaining fails to take place.

Since the introduction of the Code of Practice in 2000, a total of 71 cases were referred to the ADRS under the procedure. The ADRS completed 41 cases in 2002.

**Figure 15: Voluntary Dispute Resolution SI 145 – Sectoral origin of cases completed in 2002**



### **Codes of Practice**

Section 42 of the Industrial Relations Act, 1990 makes provisions for the preparation of draft Codes of Practice by the Labour Relations Commission for submission to the Minister for Enterprise, Trade and Employment.

Before submitting a draft Code of Practice to the Minister, the Commission is obliged to seek and consider the views of the organisations representative of workers, and such bodies as the Commission considers appropriate. Upon receipt of these views a draft Code is then prepared and sent to these bodies for their comments. Subsequent draft(s) are circulated for further views before a final draft is prepared and submitted to the Minister.

The Minister, upon receipt of the draft Code, may by order declare the Code a Code of Practice for the purposes of the Act. To date, seven Codes of Practice have been promulgated:

- Code of Practice on Dispute Procedures, including Procedures in Essential Services;
- Code of Practice on Duties and Responsibilities of Employee Representatives and the Protection and Facilities to be Afforded them by their Employer;
- Code of Practice on Grievance and Disciplinary Procedures;
- Code of Practice on Compensatory Rest Periods;
- Code of Practice on Sunday Working in the Retail Trade;

- Code of Practice on Voluntary Dispute Resolution;
- Code of Practice Detailing Procedures for Addressing Bullying in the Workplace

### ***Review of Worker Participation Legislation***

The Programme for Prosperity and Fairness (Framework I, Section 1, sub-section 1.3, paragraph 12) provided for a review by Government in consultation with IBEC and the ICTU of the operation, effectiveness and coverage of the mechanisms established under the Worker Participation (State Enterprises) Acts, 1977 and 1988. The objective of the review was to inform decisions affecting the future of Worker Directors in the context of the sale of any semi-State companies covered by the Acts. The review, which was conducted by the Director of the Advisory Development and Research Service, was completed in March 2002.

### ***Computer Assisted Facilitation***

The Service purchased computer equipment and software in December 2002, which will allow it to work with large groups to solve problems more effectively. The system will be commissioned in 2003.

### ***National Centre for Partnership and Performance***

The Service represents the Commission on the NCPP's Strategic Network Alliance and its Research Advisory Panel.

## ***ADRS Research and Information Activities***

### ***Information Services***

Among its functions, the Research and Information Unit within the Advisory Development and Research Service provides information resources to staff of the Commission. In 2002, the Unit made available to staff hard-copy and electronic publications on

- Developments in industrial relations both domestically and internationally
- Economic and social trends sourced from the ESRI, Central Statistics Office, the Central Bank, Forfás, FÁS, IDA Ireland, and others.
- International business news
- Reviews by European and international bodies such as the EU, OECD, International Monetary Fund, the International Labour Office
- Industrial relations and employment rights legislation.

The Research and Information Unit is also responsible for the development and dissemination of publications and information to the customers of the Commission. The principal published sources on Commission activities comprise the Annual Report,

the LRC Review, the guide to the Commission required by the Freedom of Information Act, the Commission's Internet website and an electronic enquiry service enabled through the website.

### ***On-line enquiry Service***

In 2002 some 440 requests for information were received through on-line enquiry forms on the LRC Website, generating approximately 500 emailed responses from the Commission.

### ***Internet Website***

The Commission's website is increasingly relied on as a permanent on-line source of information and publications.

The pages of most interest to visitors from abroad concerned labour relations and labour law in Ireland. The address of the website is [www.lrc.ie](http://www.lrc.ie)

### ***Visitors to the Commission***

The Commission each year receives requests from many international delegations to visit our offices for presentations on the Irish model of industrial relations and our dispute resolution institutions. Arrangements for visits, and the principal presentations, are provided by the ADRS. ADRS officers, along with colleagues from the Conciliation Service, gave presentations to the following visiting delegations to the Commission in 2002:

- Tripartite Swedish delegation – 15 March 2002
- Tripartite Croatian delegation – 20 May 2002
- Federal Mediation Conciliation Service (USA) - July 8th to 10th 2002. Led by its director, Richard Barnes, the delegation met with An Tánaiste, Ms. Mary Harney TD and Minister for Enterprise, Trade and Employment and senior officials of her department, Peter Cassells, executive chairman, National Centre for Partnership and Performance, and with Dermot McCarthy, Secretary General, Department of An Taoiseach. The delegation was briefed on all aspects of the work of the Commission and on the Irish social partnership process.
- Tripartite Latvian Delegation (PHARE Twinning Project on Social Dialogue), September, 2002.
- Tripartite Maltese 'Social Dialogue' Delegation – 25 October 2002.
- Bi-partite Polish delegation (PHARE Twinning Project on Social Dialogue) – 2 December 2002
- South Korean media delegation (The Seoul Economic Daily) – 6 December 2002.

## MISSION STATEMENT

*"To investigate and recommend on disputes and grievances referred by individuals or small groups of workers under the relevant industrial relations/employment rights legislation".*

### *Rights Commissioners*



Janet Hughes



Gerry Fleming



Michael Rooney



Tony Bregazzi



Finn Lawless



Lenore Mrkwicka

## ***Rights Commissioner Secretariat***



Left to Right: Maeve White, David Melia, Lorraine Haide, P.J. Meehan, Niamh O'Reilly, Eileen Harding, (Ann McNerney – not in photograph).

### ***Background to the Rights Commissioner Service***

The Rights Commissioner service was established by the Industrial Relations Act, 1969. During the twelve years of the operation of the Commission the jurisdiction of the Rights Commissioners has grown, from its single-statute beginning in 1969, to a service covering 13 Acts and two sets of Regulations. They are listed in order of their enactment below:

#### ***Statutes***

The Industrial Relations Acts, 1969-1990

The Unfair Dismissals Acts, 1977 -1993

The Payment of Wages Act, 1991

The Maternity Protection Act, 1994

The Terms of Employment (Information) Act, 1994

The Adoptive Leave Act, 1995

The Protection of Young Persons (Employment) Act, 1998

The Organisation of Working Time Act, 1997

The Parental Leave Act, 1998

The Protection for Persons Reporting Child Abuse Act, 1998

The National Minimum Wage Act, 2000

The Carers Leave Act, 2001

The Protection of Employees (Part-Time) Work Act, 2001

## **Regulations**

S.I No 487 of 2000, European Communities (Safeguarding of Employees Rights on Transfer of Undertakings) (Amendment) Regulations, 2000.

S.I. No. 488 of 2000, European Communities (Protection of Employment) Regulations, 2000.

## **Process**

Appeals from recommendations/decisions of the Rights Commissioners are made (depending on the Act) to either the Labour Court or the Employment Appeals Tribunal. Referrals are processed through to delivery of recommendations/decisions in all cases unless:

- The employer objects to a Rights Commissioner hearing (only possible under the Industrial Relations Acts, 1969 and 1990, and the Unfair Dismissals Acts, 1977 to 1993).
- The claimant or complainant withdraws the referral, (because it has been settled, or for some other reason).
- The dispute/complaint is settled at the hearing.

All recommendations/decisions are private to the parties concerned. Either party (but not the Rights Commissioner) is free to release a decision into the public domain. An exception to this is the National Minimum Wage Act, 2000. This provides that the Commission establishes a register of all decisions, which is open to inspection by the public during normal office hours.

Although hearings before the Rights Commissioners have a statutory basis, they are generally conducted informally in a relaxed atmosphere. All parties are encouraged to bring representation, or colleague, a friend, or a relative, so that a witness can be present. In no circumstances can a Rights Commissioner offer advice to a party appearing in proceedings in front of him/her.

There was a 36% increase in referrals to the service in 2002, compared to that for 2001 – and 78% higher than the total for the year 2000. Referrals under the Industrial Relations Acts, the Payment of Wages Act, Protection of Employees (Part-time Work) Act, the Organisation of Working Time Act, and the Unfair Dismissals Acts, accounted for the bulk of cases heard in 2002.

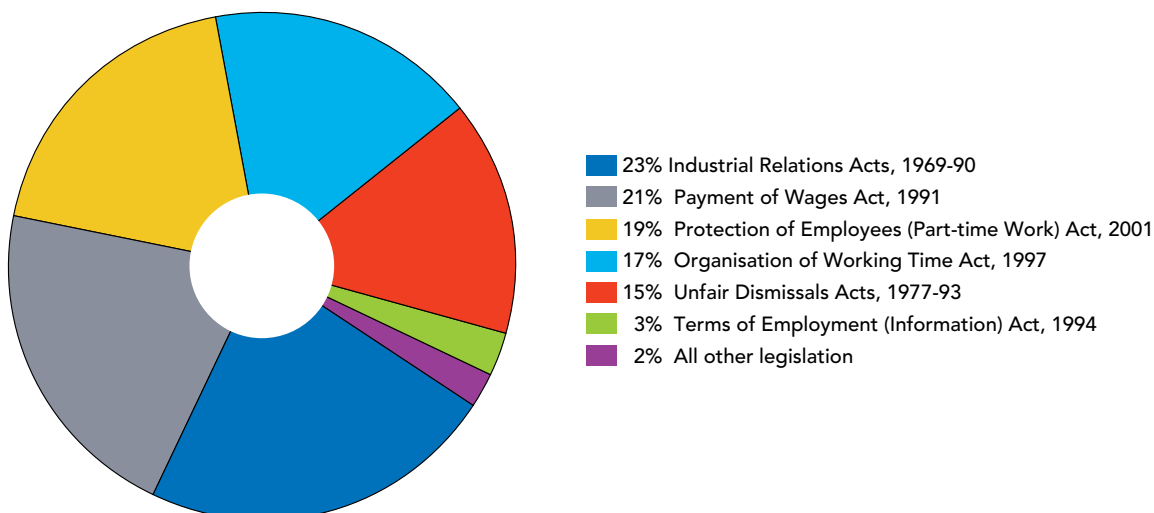
**Figure 16: Activity of the Rights Commissioner Service from 2000 to 2002.**

Legislation	Referrals 2000	Referrals 2001	Referrals 2002
Industrial Relations Acts, 1969-90	1062	1363	1334
Payment of Wages Act, 1991	907	1125	1177
Protection of Employees (Part-time Work) Act, 2001	–	27	1092
Organisation of Working Time Act, 1997	620	740	967
Unfair Dismissals Acts, 1977-93	466	632	868
Terms of Employment (Information) Act, 1994	83	141	150
National Minimum Wage Act, 2000	17	59	48
Parental Leave Act, 1998	42	42	23
Maternity Protection Act, 1994	9	9	21
EC Transfer of Undertakings (Amendment) Regs 2000	0	13	11
Protection of Employment Act, 1977	0	28	3
EC (Protection of Employment) Regs 2000	0	2	1
Carers Leave Act, 2001	–	1	0
Adoptive Leave Act, 1995	0	1	0
Protection of Young Persons (Employment) Act, 1996	0	1	0
	<b>3206</b>	<b>4184</b>	<b>5695</b>

In general a majority of cases that are referred to the service are upheld. Depending on the legislation under which cases are referred, Rights Commissioners have found in favour of claimants in up to two-thirds of cases.

The disputes most likely to reach investigation stage normally involve claims concerning unfair dismissal, payment of wages, working time, holiday pay and disciplinary issues.

**Figure 17: Referrals to the Rights Commissioner Service in 2002**

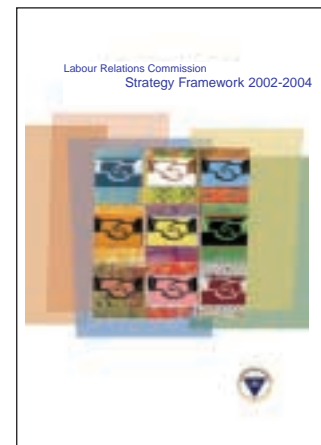


## Commission Initiatives in 2002

# Chapter 3

### LRC Strategy Framework 2002-2004

In January 2002 the Commission launched its strategic policy document, Strategy Framework 2002-2004. On the occasion of the launch, the Tánaiste and Minister for Enterprise, Trade and Employment, Ms. Mary Harney, T.D., outlined her appreciation and support both for the current work of the Commission and for its future strategic direction. Attending the launch were the Minister for Labour Affairs, Mr. Tom Kitt, T.D., the Chairman of the Labour Court, Mr. Finbarr Flood, the Secretary General of the Department of Enterprise, Trade and Employment, Mr. Paul Haran, representatives of IBEC, ICTU and affiliates, as well as representatives of government departments and state agencies.



In its strategy, the Commission identified its key challenges as follows:

- To continue delivering effective dispute resolution and prevention services;
- To maintain client confidence in the independence, availability and quality of our services;
- To be in a position to anticipate, and adapt to change;
- To clearly define and develop the LRC's role in the wider industrial relations framework;
- To maintain an effective and committed workforce; and
- To maintain the support of its principals – Government, which provides its resources, and the Social Partners.

Based on the results of the review the Commission devised a business plan for 2002, whose key objectives and targets were achieved by year's end.

## *LRC Review – the Journal of the Labour Relations Commission*

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On 22 October 2002 the Minister for Labour Affairs Frank Fahey TD launched the first edition of the periodical LRC journal, LRC Review. The idea for this new publication derived from the conclusions of the Strategy Framework 2002-2004. The strategy committed the Commission to developing “a more systematic approach to communications and client communication”. In line with this challenge, the Commission undertook, via this journal (among other outputs), to promote best industrial relations and human resource practice. This will involve not alone publicising wider aspects of the work of the Commission, but also the dissemination of material and ideas on recent developments in Ireland and abroad. The Commission intends to review and offer informed comment on current industrial relations and human resource issues in Ireland. Issue 1 of the LRC Review featured a collection of interesting items by senior LRC figures and invited contributors:

- Raymond McGee, Director of Conciliation highlighted how the recent rise in redundancy cases reflects the slowdown in the economy;
- Declan Morrin, Director of the LRC’s Advisory Development and Research Service revealed how a total of 65 cases of union recognition were referred to the Commission and pinpointed some confusion around the process. He also wrote on the facilitation processes that led to the successful survival plan and move to CityWest of the “Irish Times”.
- John Agnew, Senior Industrial Relations Officer with the Commission highlighted the unique Commission involvement with the creation of Tourism Ireland.
- Professor Bill Roche of UCD noted how the reinvention of social partnership involved a new institutional architecture to link centrally agreed principles and priorities to pressures and challenges in firms and workplaces in a manner that could respond to the agendas and concerns of both sides.
- Cathal Magee, Managing Director of Eircom Retail addressed the role of management in the transformation of organisations going forward and highlights the role of values and recognition.
- Matt Merrigan, national industrial officer with SIPTU and the Joint Chair of the Health Services National Partnership Forum (HSNPF) says the trade union movement must be involved at a senior level with the implementation of the new National Health Strategy.
- Consultant John O’Dowd notes that there is ample evidence of companies adapting partnership as a method of improving industrial relations allowing them to react to ongoing change in a speedier way.

This periodical publication’s main target readership is key industrial relations practitioners. The 20 page publication has a circulation of over 4,000.

## *LRC Customer Service Charter*

In October 2002 the Commission launched its Customer Service Charter. The Charter clearly documents available Commission services and sets down a wide range of service commitments to customers. The Commission commits itself to maintaining professional, efficient and independent services and will periodically review its charter in consultation with customers to ensure optimum service delivery. The text of the Charter is available on the LRC's website at [www.lrc.ie](http://www.lrc.ie)



# **LRC Human Resources & Administration**

## **Chapter 4**

### *LRC Support Staff*



Left to right: Seamus Condon, Susan O'Brien, Damien Hayes, Tommy Murphy and inset Bernice McArdle.

## *Review of LRC's Human Resources*

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Mercer Human Resources Consulting were appointed in 2002 by the Department of Enterprise, Trade and Employment to carry out a review of the staffing, recruitment, grading and business processes of the Commission. The review was overseen by a Steering Committee comprising representatives of the Department, the Department of Finance and the LRC.

Mercer Consulting undertook a pulse survey of the staff of the LRC and engaged in an extensive series of strategic management interviews. A detailed questionnaire was sent out to 29 customers of the LRC - unions and employer bodies - requesting their views of each of the Commission's services with follow up telephone or face-to-face interviews.

At year's end Mercer Consulting had completed their report. The Commission expresses its appreciation to its staff and customers who participated in and contributed to the completion of this report.

## *Staff changes in 2002*

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Like other vibrant organisations, the LRC experiences a healthy level of staff turnover. In 2002, there were changes in personnel across the Commission's Services:

### *Advisory Development and Research Service*

**Maedhbh Cronin** joined the Service in June 2002 as an ADRS Officer. She has both an academic background (MBS, specialising in HRM) and international experience in the field of HRM.

**Hugh Lonsdale** was appointed ADRS Officer and came to the Service in July 2002. He worked for the previous 18 months as a Presenting Officer at the Refugee Appeals Tribunals. Other experience in the Civil Service includes periods in a personnel department and in an employment exchange. Before coming to Ireland 12 years ago, Hugh worked in both the private and public sectors.

**Patrick Mulhall** joined the Service in September 2002, from the Department of Justice, Equality and Law Reform where he had worked for several years as an expert in Information Technology systems.

**Eddie Feehan**, a former ADRS Officer, was successful in a competition for a position in the Permanent Representation of Ireland in Brussels, and took up his new job in September 2002.

## **Conciliation Service**

**Suzanne Brennan** joined the Service as an Industrial Relations Officer in May 2002. Formerly of the Department of Education, she worked in the area of policy, and prior to that, in industrial relations. She replaced **Louise Morgan** who left to take up a senior position in the Human Resources department of Iarnród Éireann.

**Aoibheann Ní Shúilleabháin**, a former IRO, joined the Department of Enterprise, Trade and Employment to become the Private Secretary to Minister of State, Mr. Frank Fahey, T.D.

**Brian Stokes** was appointed IRO in October, replacing Aoibheann Ní Shúilleabháin. Brian had previously worked in Dept of Justice Equality & Law Reform on the PULSE project in the Garda Síochána, and was previously training officer with the Revenue Commissioners.

## **Rights Commissioner Service**

**Lenore Mrkwicka** was appointed a Rights Commissioner by the Tánaiste and Minister for Enterprise, Trade and Employment and joined the Service in September 2002. Lenore was formerly an official of the Irish Nurses Organisation.

**Maeve White** joined the Service, as a new entrant to the Civil service in February 2002.

**Kathleen Eggington** transferred to the Department of Social and Family Affairs in Longford in March and was replaced by **PJ Meehan**.

**Emma Walsh** left the secretariat of the service in July 2002 to take up a position in the Patents Office in Kilkenny. She was replaced by **Niamh O'Reilly** who joined the secretariat of the service in July. Niamh previously worked in the Redundancy Payments Section of the Department of Enterprise, Trade and Employment.

**Lorraine Haide** transferred to the Service from the ADRS in 2002.

## **Staff Development**

The Labour Relations Commission commits itself to the ongoing development and training of its personnel to meet the challenges of a complex environment where ever-increasing demands are placed on the knowledge, skills and competencies of our officers. Following are details of courses and education assistance provided in 2002:

## Development and Training of LRC Staff in 2002

Category	Specific Course/Provider	Participating Officers	
Operational Training and Development	Conciliation and Mediation Skills, ACAS Sheffield	Brendan Cunningham, IRO John Kelly IRO	
	Advisory Skills, ACAS Nottingham	Leo Costello, ADRS Eddie Feehan, ADRS	
	Alternative Dispute Resolution Skills, Stitt Feld	Suzanne Brennan, IRO Maedhbh Cronin, ADRS	
	Handy Group (Canadian), Glencree	Eddie Feehan, ADRS Hugh Lonsdale, ADRS Louis Mooney, IRO	
	Senior Management Development	IMI Seminar on High Performance Organisations	Declan Morrin, Director ADRS
	Computer Applications Training	PowerPoint Presentations, D/ETE	Florence Kelly, Accounts Administration
		Microsoft Access 2000 Introduction, Bua Training Ltd	Maedhbh Cronin, ADRS Cathy Dolan, ADRS Secretariat Lorraine Haide, ADRS Secretariat Lena Kavanagh, Conciliation Secretariat Maeve White, RC Secretariat
European Computer Driving Licence		Cathy Dolan, ADRS	
Induction Training		Civil Service procedures etc, D/ETE	Orla Fay, Chief Executive's Office PJ Meehan, RC Secretariat Maeve White, RC Secretariat
	Academic Education	Mediation (Milltown Institute)	Anna Perry, IRO
Certificate in Personnel Management, IPD		Orla Fay, Chief Executive's Office	
BSc Degree, Open University Milton Keynes (conferred 2003)		Larry O'Grady, Research & Information Officer, ADRS	
BSc Degree, Open University, Milton Keynes		Margaret Sweeney, Conciliation Service Secretariat	
Diploma Industrial Relations Mediation, UCD		Seamus Doherty, ADRS	
Health and Safety Training	Fire Marshals, Dublin City Fire Marshals Seminar, via D/ETE	Marian Smith, Conciliation Secretariat Margaret Sweeney, Conciliation Secretariat	
	First Aid, via D/ETE	Aoibheann Ní Shúilleabháin, IRO	
Advanced Training in Dispute Resolution	Federal Mediation and Conciliation Service (FMCS) USA	Brian McGinn, Senior IRO John Agnew, Senior IRO	

## ***Performance Management and Development System***

The Commission promotes and facilitates the general development of its staff through the operation of a formalised Performance Management and Development System. The system is a competency based system that has the support of the relevant staff trade unions and operates as part of the 'Strategic Management Initiative' (SMI) for the improvement of Irish public services.

As part of the system, officers of the Commission jointly with their managers identify the specific competencies required to carry out their jobs efficiently and effectively. These competencies include the knowledge, skills, behaviours and attitudes necessary to enable the Commission's officers to achieve their potential and provide a quality service to the Commission's clients. Having identified those competencies, each officer and his or her manager jointly agree 'Key Results Areas' and a personal development and training programme for the coming year. The scheme operates on an annual basis with a system of interim and year-end reviews of performance and development.

## ***Finance and Budgets***

### ***Annual Accounts***

The most recent audited accounts for the Commission are for the financial year 2001 and these are set out in Appendix 2 to this report. The Commission's allocation for 2002 was €2,816,000 made up €2,154,000 in respect of pay and €662,000 for non-pay expenditure.

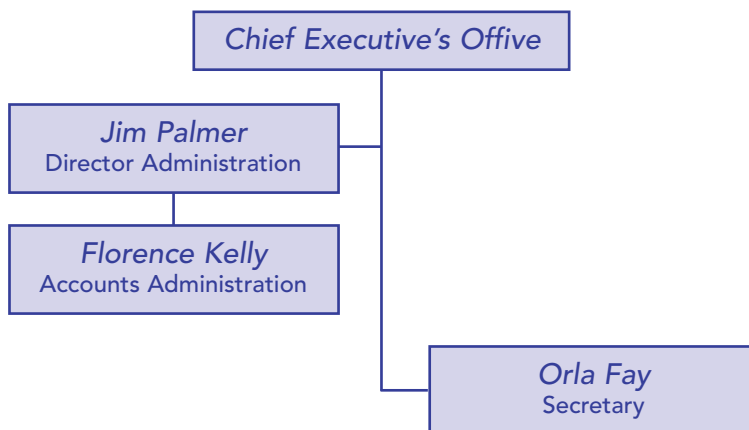
**Prompt Payment of Accounts Act, 1997.** Since its establishment, the Commission has been prompt in the payment of its accounts and so the requirements of the Act do not pose any problem for the Commission. In addition, the Commission does not have the payments volume of larger organisations and so the tracking of accounts is a simple matter for the Commission.

The Commission is complying with the provisions of the Act. It has put in place a system which provides for a weekly review of all accounts so as to ensure that the payment of any account is neither overlooked nor unnecessarily delayed.

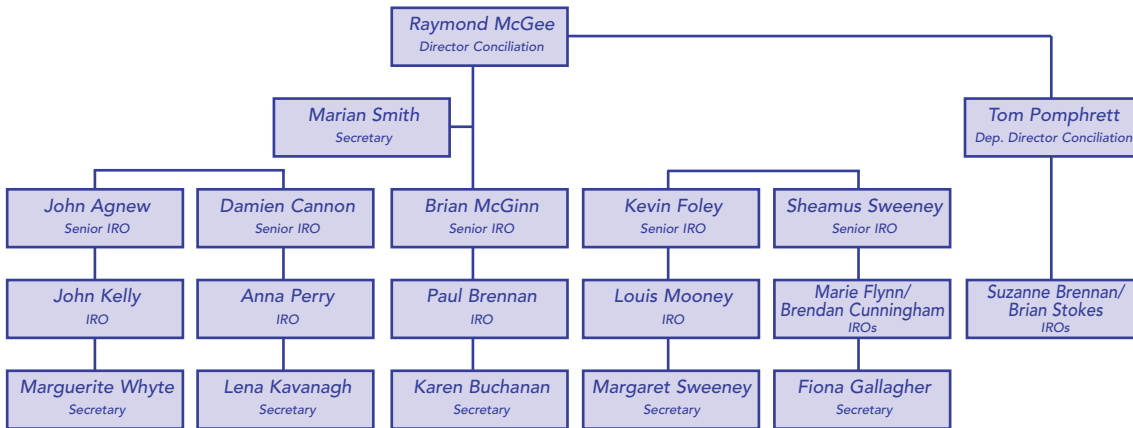
# Appendix 1

## Organisational Structure of LRC 2002

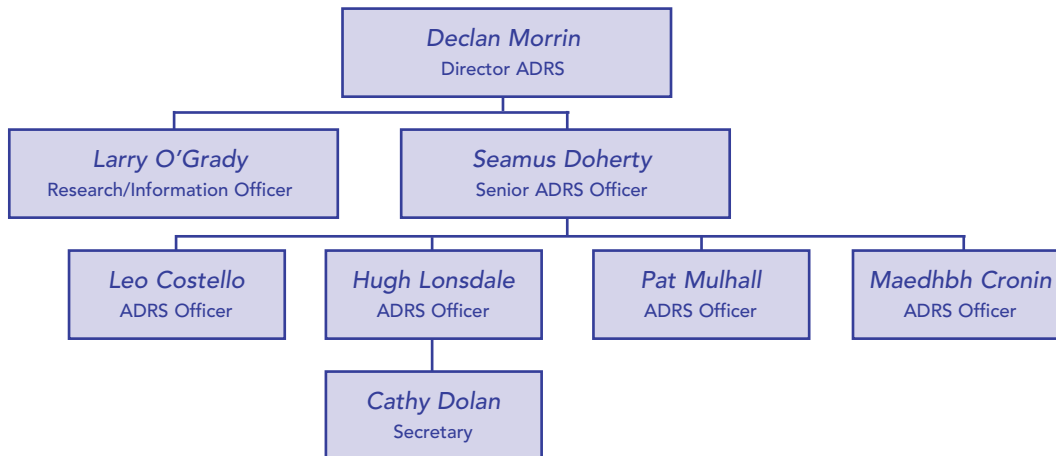
### Senior Management



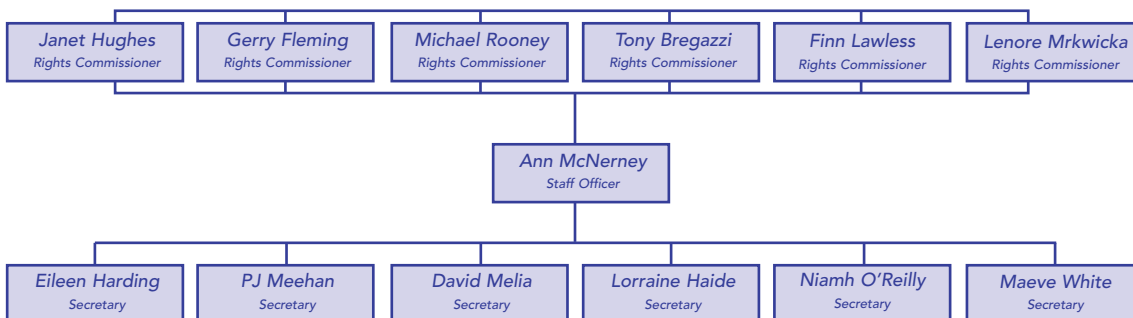
## The Conciliation Service 2002



## The Advisory Development and Research Service, 2002



## The Rights Commissioner Service, 2002



# Report of the Comptroller and Auditor General

## Appendix 2

### ***Audited Accounts of Labour Relations Commission 2001***

I have audited the financial statements on pages 3 to 7 under Section 31 of the Industrial Relations Acts, 1990.

#### ***Respective Responsibilities of the Commission and of the Comptroller and Auditor General***

The accounting responsibilities of the Commission are set out in the Statement of Responsibilities of the Commission. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me by the Commission and to report on them.

#### ***Basis of Audit Opinion***

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with the auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

## ***Pension Costs***

Without qualifying my opinion, I draw attention to note 4 to the financial statements which explains why the Commission was unable to comply with the disclosure requirements of FRS 17.

## ***Opinion***

In my opinion, proper books of account have been kept by the Commission and the financial statements, which are in agreement with them, give a true and fair view of the state of affairs of the Labour Relations Commission at 31 December 2001 and of its income and expenditure for the year then ended.

**Gerard Smyth**

**For and on behalf of the Comptroller and Auditor General**

**22 November 2002**

## ***The Labour Relations Commission***

***Year ended 31st December 2001***

### ***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 Financial Statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation,

state where 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.

**Caitriona Murphy**

**Chairperson**

**18 November 2002.**

**Brendan McGinty**

**Commission Member**

**The Labour Relations Commission**  
**Year ended 31st December 2001**  
**Statement of Accounting Principles**

**1 Basis of Accounting**

The financial statements have been prepared under the accruals method of accounting, except as stated below, and in accordance with generally accepted 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 the Euro. The Irish Pound equivalents are shown for comparative purposes only.

**2 Oireachtas Grant**

Income is accounted for on a cash receipts basis.

**3 Fixed Assets and Depreciation**

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 Superannuation**

In accordance with Section 29 of the Industrial Relations Act 1990 a superannuation scheme for the Chief Executive Officer has been drawn up and approved. The scheme provides for defined benefits and the costs of benefits will be met as they arise.

**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 2001

	Notes	£	2001 £	2001 €	2000 €
<b>Income</b>					
Oireachtas Grant	1		1,886,733	2,395,657	2,085,477
Oireachtas Grant Re Rail Review			--	--	63,487
Deposit Interest			105	133	220
Video Sales			-	-	127
			<u>1,886,838</u>	<u>2,395,790</u>	<u>2,149,311</u>
Transfer From Capital Account	2		18,977	24,096	53,451
			<u>1,905,815</u>	<u>2,419,886</u>	<u>2,202,762</u>
<b>Expenses</b>					
Salaries and Related Costs	3	1,323,953		1,681,074	1,530,169
Travel and Subsistence		195,212		247,868	244,158
Commission Members Fees	5	59,833		75,972	37,782
Rental Of Meeting Rooms		22,496		28,564	26,199
Stationery and Office Supplies		16,751		21,269	12,327
Postage, Carriage and Telephone		83,523		106,052	106,384
Entertainment and Catering		9,627		12,224	11,925
Research		2,500		3,174	6,983
Office Maintenance		41,859		53,150	61,755
Audit Fee		5,119		6,500	5,588
Consultancy and Professional Fees		33,312		42,298	7,921
Miscellaneous		16,211		20,584	19,671
Printing		25,249		32,060	15,872
Training		7,928		10,066	5,651
Rail Safety Review		-		-	55,429
Depreciation	7	32,394		41,132	62,571
			<u>1,857,967</u>	<u>2,381,987</u>	<u>2,210,385</u>
<b>Surplus/(Deficit) for Year</b>			29,848	37,899	(7,623)
Balance at 1st January 2001			<u>(40,437)</u>	<u>(51,344)</u>	<u>(43,721)</u>
Balance at 31st December 2001			<u>(10,589)</u>	<u>(13,445)</u>	<u>(51,344)</u>

The Board has no gains or losses in the financial year or the preceding financial year other than those dealt with in Income and Expenditure Account. The results of the year relate to continuing operations. The Statement of Accounting Policies and Notes 1 to 7 form part of these Financial Statements.

Caitriona Murphy  
Chairperson

Kieran Mulvey  
Chief Executive

18 November 2002

**The Labour Relations Commission**  
**Balance Sheet As At 31st December 2001**

	Notes	2001	2001	2000
		£	€	€
Fixed Assets	7	64,887	82,389	106,485
<b>Current Assets</b>				
Debtors and Prepayments		4,968	6,308	5,679
Cash at Bank and On Hand		56,584	71,847	75,406
		61,552	78,155	81,085
<b>Current Liabilities</b>				
Creditors and accruals		72,141	91,600	132,429
		72,141	91,600	132,429
Net Current (Liabilities)		(10,589)	(13,445)	(51,344)
Net Assets		54,298	68,944	55,141
<b>Represented By:</b>				
Capital Account	2	64,887	82,398	106,485
Income and Expenditure Account		(10,589)	(13,445)	(51,344)
		54,298	68,944	55,141

The Statement of Accounting Policies and Notes 1 to 8 form part of these Financial Statements.

Caitriona Murphy  
 Chairperson  
 18 November 2002

Kieran Mulvey  
 Chief Executive

## The Labour Relations Commission

### Notes To the Financial Statements For The Year Ended 31st December 2001

#### 1 Oireachtas Grant

Income under this heading represents payments by the Department of Enterprise, Trade and Employment to the Labour Relations Commission.

#### 2 Capital Account

	2001	2001
	£	€
Balance at 1st January 2001	83,864	106,485
<b>Transfer from/(To) Income and Expenditure Account</b>		
Income applied to purchases of Fixed Assets	13,417	17,036
Net Book Value Of Assets Disposed	nil	nil
Amortisation in line with depreciation	(32,394)	(41,132)
	(18,977)	(24,096)
Balance at 31st December 2001	64,887	82,389

#### 3 Salaries and Related Costs

The costs of £1,323,953 (€1,681,074) include fees of £194,335 (€246,755) payable to the five Rights Commissioners who are employed on a fee basis. The total number of staff employed at 31<sup>st</sup> December 2001 was 36. All staff, other than the Chief Executive, are civil servants assigned to the Commission by the Department of Enterprise, Trade and Employment.

#### 4 Superannuation

The Commission operates a defined superannuation scheme for its employees. Superannuation entitlements arising under the scheme are paid out of current income and are charged to the Income and Expenditure Account in the year in which they become payable. No provision is made in the financial statements in respect of future benefits. Salaries and Wages are charged in the financial statements net of employee superannuation contributions. The above accounting treatment is not in accordance with the requirements of Financial Reporting Standard 17. For accounting periods ending on or after 22 June 2003 the Standard will require financial statements to reflect at fair value the assets and liabilities arising from an employer's superannuation obligations and any related funding and to recognise the costs of providing superannuation benefits in the accounting periods in which they are earned by employees. As a transitional measure the Standard requires that the present value of scheme liabilities be disclosed in the notes to the 2001 financial statements. In 2001

the Commission did not obtain an actuarial valuation of the scheme liabilities for the purposes of satisfying this note requirement. The Commission is taking the necessary steps to ensure that it will be able to comply with the requirements of the Standard in future years.

## 5 Commission Members' Fees

The annual fees payable as at 31st December 2001 were: Chairperson £11,965 (€15,192) and 6 ordinary members £7,978 (€10,130) each.

## 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	
	£	€	£	€	£	€
<b>Cost</b>						
At January 2001	134,609	170,918	237,070	301,017	371,679	471,935
Additions In Year	–	–	13,417	17,036	13,417	17,036
Disposals In Year	–	–	(6,221)	(7,899)	(6,221)	(7,899)
At 31 December 2001	134,609	170,918	244,266	310,154	378,875	481,072
<b>Accumulated Depreciation</b>						
At 1 January 2001	99,708	126,603	188,108	238,848	287,816	365,450
Depreciation on Disposals	–	–	(6,221)	(7,899)	(6,221)	(7,899)
Charge for Year	6,821	8,661	25,573	32,471	32,394	41,132
At 31 December 2001	106,529	135,264	207,460	263,420	313,989	398,683
<b>Net book values</b>						
At 31 December 2001	28,080	35,654	36,806	46,734	64,886	82,389
At 1 January 2001	34,901	44,315	48,963	62,170	83,864	106,485

## Publications available from the LRC

# Appendix 3

### *Strategic Policy & Planning*

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1. **Improving Industrial Relations - A Strategic Policy, 1996** (Available on the LRC's website at:  
[www.lrc.ie/research\\_and\\_publications/improving\\_industrial\\_relations/index.html](http://www.lrc.ie/research_and_publications/improving_industrial_relations/index.html))
2. **Strategic Review Discussion Document, May 2001** (Available on the LRC's website at: [http://www.lrc.ie/research\\_and\\_publications/documents/discussion.htm](http://www.lrc.ie/research_and_publications/documents/discussion.htm))
3. **LRC Strategy Framework 2002-2004, January 2002** (Available on the LRC's website at:  
[http://www.lrc.ie/research\\_and\\_publications/documents/lrcstrategy2002-2004.htm](http://www.lrc.ie/research_and_publications/documents/lrcstrategy2002-2004.htm))

### *Labour Relations Commission Research Paper Series*

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- No. 1: Competitive Strategies and Employee Relations in the Irish Retail Sector** (Available at [www.lrc.ie/research\\_and\\_publications/competitive\\_strategies/index.html](http://www.lrc.ie/research_and_publications/competitive_strategies/index.html))
- No. 2: A Strategic Analysis of the Irish Food Industry - Implications for Human Resource Practice** (Available at [http://www.lrc.ie/research\\_and\\_publications/food\\_industry/index.html](http://www.lrc.ie/research_and_publications/food_industry/index.html)).
- No. 3: Employment and Employee Relations Practices in the Medical Technology Sector in the West of Ireland, June 2001** (Available on the LRC's website at [http://www.lrc.ie/research\\_and\\_publications/codes/medicare.htm](http://www.lrc.ie/research_and_publications/codes/medicare.htm)).

### *Codes of Practice*

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- **Dispute Procedures, including Procedures in Essential Services** (Available at [www.lrc.ie/research\\_and\\_publications/codes2/index.html](http://www.lrc.ie/research_and_publications/codes2/index.html)).

- **Duties and Responsibilities of Employee Representatives and the Protection and Facilities to be afforded them by their Employer**  
(Available at [www.lrc.ie/research\\_and\\_publications/codes3/index.html](http://www.lrc.ie/research_and_publications/codes3/index.html)).
- **Sunday Working in the Retail Trade**  
(Available at [www.lrc.ie/research\\_and\\_publications/codes4/index.html](http://www.lrc.ie/research_and_publications/codes4/index.html)).
- **Compensatory Rest Periods and Related Matters**  
(Available at [www.lrc.ie/research\\_and\\_publications/codes5/index.html](http://www.lrc.ie/research_and_publications/codes5/index.html)).
- **Voluntary Dispute Resolution**  
(Available at [http://www.lrc.ie/research\\_and\\_publications/codes/voluntary\\_dispute\\_resolution.htm](http://www.lrc.ie/research_and_publications/codes/voluntary_dispute_resolution.htm))
- **Grievance and Disciplinary Procedures**  
(Available at [http://www.lrc.ie/research\\_and\\_publications/codes/grievance\\_disciplinary\\_procedures.htm](http://www.lrc.ie/research_and_publications/codes/grievance_disciplinary_procedures.htm))
- **Procedures for Addressing Bullying in the Workplace** ([www.lrc.ie](http://www.lrc.ie))

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## ***Labour Relations Commission Annual Reports***

Annual Report for the year 1991

Annual Report for the year 1992

Annual Report for the year 1993

Annual Report for the year 1994

Annual Report for the year 1995

Annual Report for the year 1996

Annual Report for the year 1997

Annual Report for the year 1998

Annual Report for the year 1999

Annual Report for the year 2000

Annual Report for the year 2001

Annual Report for the year 2002

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## ***LRC Review – The Journal of the Labour Relations Commission***

- Issue no. 1, 2002.

text available at [www.lrc.ie](http://www.lrc.ie)

- Issue no. 2, 2003.

## ***The Labour Relations Commission Seminar Series***

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- **New Challenges to Irish Industrial Relations** (Copy available for reference in the LRC).
- **THE EURO: Implications for Human Resource Strategies for the 21st Century** (Available on the LRC's website at: [http://www.lrc.ie/research\\_and\\_publications/euro/index.html](http://www.lrc.ie/research_and_publications/euro/index.html)).

## ***LRC Customer Service***

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- Customer Service Charter, October 2002 – text available at [www.lrc.ie](http://www.lrc.ie)

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