**Introduction**

As Chairman of the Contract Cleaning Joint Labour Committee (JLC), the Committee has requested that I forward the attached proposal to amend existing Employment Regulation Order, **S.I. No. 608 of 2020** (ERO), dated 10th December 2020, to the Labour Court for adoption, along with this report which confirms that the JLC has complied with Sections 42 A and 42 B of the 1946 Industrial Relations Act as amended by section 12 of the IR (Amendment) Act 2012.

This report confirms that in considering the proposals, the JLC has had regard to the matters set out in subsection (6) of section 42A, and also sets out the circumstances surrounding the adoption of the ERO proposals as required in Section 42B.

The amendments to the Employment Regulation Order proposed are in relation to the provision of remuneration and conditions of employment for contract cleaning workers as defined in part 1 of the Schedule of the attached Contract Cleaning Employment Regulation Order and is submitted to the Court in accordance with Industrial Relations Acts 1946 to 2012.

The JLC considered the only submission, which was received from McKechnie Cleaning Services Ltd, following the public notice on the 24th September 2021 and this report outlines how the Committee engaged with the submission received.

In addressing each of the matters that fall within the scope of section 42A (6) of the IR Act 1946, the Committee maintains that this proposal will promote harmonious relations between workers and employers and will avoid industrial unrest.

The legislation states that when formulating proposals to submit to the Court under subsection (1), a joint labour committee shall have regard to the following matters:

1. the legitimate interests of employers and workers likely to be affected by the proposals, including—

# the legitimate financial and commercial interests of the employers in the sector in question,

The contract cleaning industry in the Republic of Ireland is predominantly characterised by a relatively small number of medium and large sized employers which account for over 80% of the total numbers employed in the industry. The remaining 20% of the market is highly fragmented, and is characterised by very small scale and single person operations

Data published by the CSO and set out in the table below shows the numbers employed in cleaning up to 2019. As a rule of thumb, large enterprises are defined as 250 employees or more while medium enterprises are defined as between 50 and 249 employees (small enterprises have 10 to 49 employees while micro-enterprises have less than 10 employees).1

1 CSO: <https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=BRA11&PLanguage=0>

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| --- | --- | --- | --- | --- | --- |
| **Number of Cleaning Sector Employees: 2015 – 2019** | | | | | |
|  | **2015** | **2016** | **2017** | **2018** | **2019** |
| **Total Cleaning Sector** | | | | | |
| Total Employees | 25,128 | 26,445 | 27,041 | 27,563 | 30,269 |
| Employees in Medium / Large Enterprises | 20,845 | na | na | na | na |
| % of Employees in Medium / Large Enterprises | 83.0 | na | na | na | na |
| **Sub-Sector: General cleaning of buildings**  (makes up 60% of employees in total sector) | | | | | |
| Total Employees | 14,653 | 15,405 | 15,978 | 16,549 | 18,270 |
| Employees in Medium / Large Enterprises | na | 12,675 | 13,341 | 13,802 | 15,255 |
| % of Employees in Medium / Large Enterprises | na | 82.3 | 83.5 | 83.4 | 83.5 |

In the general cleaning sector, there were 30,269 employees in 2019. The number of employees in medium and large enterprises is only available for 2015. In that year they made up 83 percent of total employees. In the sub-sector, general cleaning of buildings, there were 18,270 employees in 2019 and in that year 83.4 percent of all employees work in medium and large enterprises.

Eurostat publishes data on turnover in the cleaning sector (enterprises whose main activity is cleaning) and the latest data available relates to 2018.2 This shows a yearly turnover in 2018 of €927.7 million, a 52.4% growth from the 2012 figure of €608.9 million

|  |  |  |  |
| --- | --- | --- | --- |
| **Turnover in Cleaning Sector: 2012 and 2018 (€ million)** | | | |
|  | **2012** | **2018** | **% Growth** |
| General Cleaning of Buildings | 336.9 | 517 | 53.4 |
| Other building and industrial cleaning activities | 203.0 | 309.6 | 52.5 |
| Other Cleaning Activities | 69 | 101.1 | 46.5 |
| TOTAL | 608.9 | 927.7 | 52.4 |

2 Eurostat Annual Detailed Enterprise Statistics for Services: <https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sbs_na_1a_se_r2&lang=en>

The contract cleaning industry includes contract services to both public and private clients. Public service clients operate across various sectors, such as healthcare, education, transport aviation and government services. In the private sector, Clients operate in manufacturing, retail, life science, pharmaceutical, and corporate and financial services.

The Irish Contract Cleaning Association is the principal representative body for the Contract Cleaning Industry and their members currently employ approximately 27,000 people in 30 member companies representing approximately 80% of all employees in the industry and as such they are very representative of the total number of employers operating in the market.

The Irish Contract Cleaning Association (ICCA) represents and lobbies on behalf of its member Companies.

Membership of the ICCA is open to companies involved in the provision of commercial cleaning services in Ireland. The main objectives of the Association are:

* to represent member companies involved in the provision of cleaning services on a commercial basis in Ireland; to seek status and prestige for the industry and public recognition of the industry’s vital role;
* to assist the industry in promoting professional training and recruitment in order to raise industry standards;
* to create a forum for the free exchange of information and experience, and networking opportunities among members through discussion, study, publications, and social activities.

It is in the commercial and financial interests of employers within the sector to agree to an ERO that effectively sets a collectively bargained wage for workers in the sector and allows Employers to provide guidance and support in relation to cost increases for Clients in a timely fashion thus minimising the risk of reactionary cutbacks due to lack of budgeting.

Companies within the contract cleaning sector operate in a highly labour intensive, low margin marketplace, where labour costs account for a very high share of the total costs and where there is little or no differentiation in the services offered by competitors. Companies commonly set prices as a mark-up above the statutory sectoral minimum wage. An ERO sets down a level playing field in terms of labour costs, which provides for companies to compete on mark-up, other indirect charges, and service.

There is a long-standing custom of collective bargaining between employers and trade unions in the contract cleaning sector via the Contract Cleaning JLC. It has been in existence since the mid 1980’s and even when the constitutional basis for wage bargaining via the JLC system collapsed in 2011, employers and trade unions continued to collectively bargain.

When the ERO system collapsed in July 2011, the industry partners agreed a 6-month interim REA from February 2012 to August 2012. They were in the process of seeking a further REA for the industry when the Supreme Court judgement in May 2013 resulted in the striking

down of the REA structure. The majority of employers continued to pay €9.50 per hour post the collapse of the ERO and REA, in accordance with previous agreements. When the legal framework was put in place to allow for the re-establishment of the JLC structure, agreement was reached by the Committee to increase the rate to €9.75 per hour which took effect under the provisions of S.I. No. 418 of 2015 on October 1st, 2015. Further increases up to €10.05,

€10.40 and €10.80 per hour were agreed by the JLC and provided for in S.I. No. 548 of 2016

and to €11.20 under S.I. 608 of 2020.

The Irish economy, having experienced significant disruption due to the Covid-19 pandemic, is now recovering though the pace of that recovery is still contingent on public health issues.

Within the contract cleaning industry, the impact on cleaning companies varied depending on their client base. A majority of Companies availed of some element of the government financial supports to ensure their continued operation during the pandemic.

In taking these difficulties into account, the contract cleaning employers have considered the financial and commercial impact on the contract cleaning sector and are of the view that the level of certainty a settled wage would bring, during these difficult times, will be of benefit to Clients and Employers when planning and forecasting expenses over what is continuing to be turbulent times whilst the country addresses the ongoing consequences of COVID 19 and Brexit.

In addition to certainty of costs, the Employers equally recognise the need to ensure that those employees delivering this important service receive a pay increase. Employers considered the proposed three-year agreement appropriate to ensure the retention of staff and the sustainability of the contract cleaning industry.

# the desirability of agreeing and maintaining efficient and sustainable work practices appropriate to the sector in question,

It is submitted by both the employers and employee representatives that the rates of pay agreed by the JLC in this proposed ERO would act as an efficiency wage and, as such, could increase and not lower total employment levels in the industry.3 A proven track record of reliability and the persistent quality of service is critical for employers to retain and win new contracts. By setting the ERO rate above the national minimum wage, employers incentivise

3 Rebitzer and Taylor [(The Consequences of Minimum Wage Laws: Some New Theoretical Ideas,](http://www.nber.org/papers/w3877.pdf) National Bureau of

Economic Research (October 1991)), find evidence that efficiency wages can lead to higher employment levels due to increasing returns to scale from lower supervisory costs. Georgiadis [(Efficiency Wages and the Economic Effects of the](http://eprints.lse.ac.uk/19628/1/Efficiency_Wages_and_the_Economic_Effects_of_the_Minimum_Wage_Evidence_from_a_Low-Wage_Labour_Market.pdf)

[Minimum Wage: Evidence from a Low-Wages Labour Market,](http://eprints.lse.ac.uk/19628/1/Efficiency_Wages_and_the_Economic_Effects_of_the_Minimum_Wage_Evidence_from_a_Low-Wage_Labour_Market.pdf) Centre for Economic Performance, Discussion Paper No 857

(February 2008)) assesses the efficiency wage hypothesis in a case study of the low paid residential care home sector in the UK and finds evidence to suggest a non-negative employment effect in the sector of a minimum wage.

staff loyalty and higher quality service delivery, thereby reducing supervisory costs (crucial to an industry that depends on workers operating in small, atomised units), improve staff retention, reduce staff turnover, training and recruitment costs.

Any differential between the national minimum wage and the ERO rate is offset over the medium term by savings to the payroll brought about by lower staff turnover which gives rise to reduced training costs, Garda vetting and uniform costs and lower recruitment costs.4

In addition to the pay increase the JLC have introduced procedures to apply in the industry in relation to the following:

Annual Leave balance: procedure in relation to the provision by employers on request by employees, of a written up to date holiday balance.

Pay Slips: standardisation of pay slips in relation to the information provided will make it easier for employers to understand what is required and employees to read and understand their wages. Therefore, any queries about wages can be easily identified and rectified by the employer. This will make the process more efficient from the employees’ point of view and save on Employer’s time, resources and, ultimately, cost.

Facilities on site for cleaning operatives: This sets out minimum workplace facilities for cleaners which should be provided on sites in conjunction with clients.

All of the above new procedures have been agreed by the JLC in the interest making the operation of the service more efficient while at the same time benefitting both the employer and employee.

Overtime: There is also a proposed change in overtime hours, from 45 to 46, in this proposed ERO.

The role of the Contract Cleaner has developed significantly over the years. Contract cleaning companies have seen increased levels of responsibility, more detailed service provision and higher standards built into contract cleaning contracts with clients. Infection control and prevention continues to be a critically important aspect of the contract cleaners’ role in the context of covid 19.

Examples of the increased role of Cleaners on client sites are:

* Compliance with regulatory & operational standards
* Heightened customer care & client expectations
* The provision of services in a variety of challenging working environments
* Increased consideration of environmental, quality, health and safety risks and standards.

4 Gregg Paul (2000). The use of wage floors as policy tools. OECD economic studies no. 31 2000/11.

This increased role brings with it an additional investment in training, which again creates a need for sustainable rates of pay in the industry to maintain a low level of employee turnover to ensure training costs are manageable for employers.

Cleaning has also become highly specialised in a number of industrial sectors such as healthcare, pharmaceutical and clean room environments, with a high level of on the job specialised training.

# the desirability of agreeing and maintaining fair and sustainable minimum rates of remuneration appropriate to the sector in question,

The proposed ERO will be a critical piece of infrastructure to maintain fair and sustainable rates of remuneration and a sustainable industry for all stakeholders i.e., clients who procure the service, contractors who provide the service and workers who deliver the service.

In the absence of the proposed ERO, contractors would be forced to compete on labour costs given that they account for a substantial share of the cost base. This would likely push wages down towards the national wage floor of the national minimum wage, resulting in cuts in the hourly rate of pay and/or cuts to workers’ hours. Contract cleaning is already a relatively low paid, labour-intensive industry. Cuts to wages and hours would result in some industrial unrest, disruption of service (including critical services) and increasing non-compliance with TUPE. The absence of legally enforceable fair and sustainable rates of remuneration, as outlined in the proposed ERO, would lead to more volatile service provision and a less sustainable industry in the short to medium term. It is clear the industry will not be able to develop and progress if the workforce becomes more transient.

A 9.8% increase in the hourly wage rate from €11.20 to €12.30 from the1st December 2021 or date of signing/effective date of the Order, whichever is the later, over a three-year period, represents a realistic increase for workers in the context of rising living costs over the last few years. While the Consumer Price Index rose by 0.7 percent between 2016 and 20205, rents have increased by 32.3 percent.6 It is likely we will find a higher proportion of low-wage earners renting on the private market. In 2018, private renters had household incomes (equivalised) of more than 20 percent lower than owner-occupiers.

While energy inflation was relatively low at 3.4 percent during this four-year period (though this is still nearly five times overall inflation growth), we have seen a considerable increase throughout 2021. In the last year up to August 2021, electricity, gas and other fuels have increased by 19.6 percent with further increases anticipated over the coming months. This has a particularly negative impact on low-income groups. For the lower 50 percent of households,

5 CSO Consumer Price Index <https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=CPM01&PLanguage=0> 6 Residential Tenancies Board:

<https://www.rtb.ie/images/uploads/Comms%20and%20Research/RTB_Rent_Index_2020_Q1_%28WEB%29_Final.pdf>

7 CSO Household Budget Survey

2015: [https://statbank.cso.ie/px/pxeirestat/Statire/SelectVarVal/Define.asp?maintable=HS040&PLanguage=0](https://eur01.safelinks.protection.outlook.com/?url=https%3A%2F%2Fstatbank.cso.ie%2Fpx%2Fpxeirestat%2FStatire%2FSelectVarVal%2FDefine.asp%3Fmaintable%3DHS040%26PLanguage%3D0&data=02%7C01%7C%7C94a21de7910a4932df3a08d861637040%7Cb47628df374d4176b661a9858753cbac%7C0%7C0%7C637366427000177959&sdata=fNTo9sFQQRQlDRlssyYy9ocEN8kQwHTpbIaUlPvkS1s%3D&reserved=0)

total fuel and light made up 7.2 percent of disposable income while for the upper 50 percent the impact was less than half at 3.2 percent.7

It is recognised that already many contract cleaners who work, on average, 19 plus hours per week and who have dependents may qualify for the working family payment payable by the Department of Employment Affairs and Social Protection.

1. **the desirability of maintaining harmonious industrial relations in the sector in question,** The Committee contend that renewal of the ERO will help maintain and deepen progressive and harmonious relations between workers, their union and employers and assist in the avoidance of disputes.

The majority of workers employed by ICCA member companies are covered by collective bargaining, as employers engage in forms of collective bargaining with SIPTU, the main Union operating in the Industry on behalf of workers.

There has not been any official industrial action in this industry for many years and we believe this is significantly and largely due to the fact that the industry has come under the JLC/ERO process since the mid 1980’s.

It is submitted that widespread industrial unrest was prevented following the JLC collapse in July 2011 due to the sustained observance of the previous ERO pay levels by the majority of employers’, as well as a joint commitment to the continued engagement by Employers and Unions in on-going dialogue to establish, initially an REA and, subsequently, the ERO which was given effect by S.I. No 418 of 2015, then S.I. No. 548 of 2016, then S.I. 608 of 2020, and now this proposed ERO which is being submitted to the Court for approval and adoption.

The Committee contend that this JLC/ERO system is the fairest way to provide for increases in pay for contract cleaners on an industry wide basis and, consequently, avoiding any possibility for industrial unrest which could arise in the absence of this system. Therefore, the Committee is of the view that the increases provided for in this new ERO, when applied across the industry, will deliver a pay increase to contract cleaners and maintain a level playing field for employers in the industry, while at the same time maintain harmonious industrial relations and provide clients with an undisrupted service.

# the desirability of maintaining competitiveness in the sector in question

An ERO enhances the competitiveness of the contract cleaning sector principally through two mechanisms.

* 1. The propose new hourly rates over the next three years in the proposed ERO will effectively act as an efficiency wage. As detailed above, the payment of a premium above the national minimum wage recognises the atomised nature and responsibility associated with the contract cleaners’ work and thereby promotes loyalty, low job turnover and reduced training, supervision and associated costs.

For employers, this means lower long-term costs due to enhanced cost efficiency per worker, increased returns from any investment into workers such as training, greater

certainty in being able to financially plan, tender and retender for contracts. It also allows for Clients to plan/budget for the forthcoming increases. Also reduced transaction and search costs in that contract cleaning companies do not have to negotiate nor contend with various terms and conditions that might otherwise be agreed in contracts with client companies.

* 1. The large share of the cost base attributable to labour combined with the presence of an ERO ensures a level playing field for the payment of wages. This ensures no race to the bottom can develop amongst contract cleaning companies for the payment of wages, prevents predatory competitive behaviour and ensures greater probabilities of survival and development for the companies already in and those entering the contract cleaning sector.

Given that wages account for between 80-85% of the cost base, contract cleaning companies effectively compete on the remaining 15%. On the downside for companies, labour’s share of the cost base along with the ERO means there is smaller scope for large margins, however on the upside, the large share of cost base attributable to labour along with the ERO ensures that contract cleaning companies are unlikely to run themselves into the ground through adverse competition.

The JLC contend that unless there is a mechanism, such as an ERO, it is difficult to ensure fair competition in this industry.

In terms of the impact on the cost base from the increase in the ERO proposed hourly rate; a 9.8% pay increase phased over three years from the effective date of the ERO, i.e., from €11.20 to €12.30, this can be measured using wages as a percentage of operating costs: if wages make up 85 percent of operating costs, then the 9.8% pay increase would increase operating costs by 3.1% over the three year period.

Due to the low margin nature of the contract cleaning industry, any adjustment in the cost base is likely to be passed onto the client, as has been the practice in the past. Hence the importance of companies being able to provide timely information on ERO increases to clients so that increases can be budgeted for.

As the barriers to entry to the market in general are relatively low, an ERO that is responsive to the legitimate financial and commercial interests of the industry, is one that facilitates a fair, balanced and more sustainable competitive market.

# the levels of employment and unemployment in the sector in question;

According to the CSO’s business demographic data, there were 30,269 employees in 2019 in cleaning enterprises.8

Economic theory suggests that unemployment in a particular sector arises when the demand for particular skills dries up or when the rate of pay is set at such a level that more people are willing to supply their labour in that sector than is currently demanded (reservation wage) or when workers temporarily find themselves between contracts.

According to Eurostat data, the number of employees in cleaning enterprises fell between 2008 and 2010, from 24,600 down to 22,000 but then increased to 30,269 in 2019. It is worth noting that the contract cleaning ERO increased by 10.77 % over the period from December 2016 to December 2020, with at a time when contract cleaning employment was expanding.

There was a further 40 cents increase on 18th of December 2020.

Thus, it does not follow that raising the sectoral wage rate has decreased labour demand in the sector to date under the existing ERO. The committee are also of the view that this proposed ERO will have no negative impact on labour demand in the sector.

It is difficult to estimate the impact of Covid 19 or its duration. In the first instance, it is driven by public health concerns and secondly there may be behavioural changes in businesses that will impact sectors in a variety of ways. However, when growth is re-established (and the economy has already returned to growth as evidenced by falling unemployment, retail sales index, and purchasing managers indexes) the cleaning sector should see a corresponding return to pre-covid levels of employment.

As more enterprises start up and expand, and as economic activity gains pace, it is hoped there should be more buildings to clean. Evidence that the sector can rebound quickly can be seen in the recovery from the last recession.9

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| --- | --- | --- | --- |
| **General Cleaning of Buildings: Growth in Selected Categories 2012-2018 (%)** | | | |
| **Enterprises** | **Turnover** | **Employment** | **Profits** |
| 5.3 | 53.4 | 14.5 | 270 |

The JLC believe that it is important to implement the proposed increase in pay to retain the workforce in the sector and to maintain the professional standards delivered by the contract

8 Source: See footnote 1

9 Eurostat Annual Detailed Enterprise Statistics for Services (See footnote 2)

cleaning sector. These factors as well as the financial and operational pressures on employers in the industry have been taken into account by the JLC in proposing this new ERO.

In general, employment contracts in the contract cleaning industry are typically permanent and the demand for work is regular. The high volume of service contract turnover in the sector where contracts are awarded and lost over a medium-term period means that a Transfer of Undertakings occurs frequently. In practice, many contract cleaning workers will work for a number of different successive employers on the same site over the lifetime of their employment in the sector.

While profits fell (as measured per employee) between 2008 and 2010, due to the recovery and increasing demand for commercial cleaning services, as stated above, employment rose to 30,269 in 2019.10 There is no evidence to suggest that the existence of the previous Employment Regulation Orders increased unemployment levels. In fact, between 2016 and 2017, with the ERO in existence, employment increased by 2.3 percent. This compares to an annual average increase in employment of 2.4 percent between 2010 and 2016.

The JLC are of the view that the absence of an ERO is more likely to lead to an increase in

displacement / redundancies as a result of some Employers’ refusal to apply TUPE.

It is also important to note that work carried out by contract cleaners, similar to waitering staff, bar service and portering staff have become entry level occupations. Entry level occupations tend to have three main characteristics (i) they do not require certified skills and

(ii) tend to attract migrants new to the Irish labour market and Irish nationals entering or re- entering the labour force after a period spent outside of it and (iii) most of the training is conducted on taking up employment and throughout employment.

The implementation of the proposed ERO will create no additional barriers to entry in the contract cleaning market. This proposed ERO sets minimum pay and conditions of employment for the contract cleaning industry. The committee considers the terms of this ERO will actually facilitate new entrants to compete in the market as it provides a level playing field for the largest component of the cost base.

The JLC believes that in spite of the impact of Covid 19 and possible impact of Brexit, the industry is well placed to agree to a new national ERO for contract cleaning workers.

10 Eurostat Annual Detailed Enterprise Statistics for Services (Footnote 2 )

# the general level of wages in comparable sectors;

Contract cleaning is a labour intensive, low formal skill sector and the conditions for entry into the contract cleaning sector can be said to be comparable to the hotel, catering or retail sectors. However, since these JLCs have not been re-established, and no ERO currently exist for each of these sectors, they can no longer be referred to as comparators.

Instead, we cite the private security sector as being comparable. Both perform ancillary services to client companies. These are best described as facilities management services.

The current hourly rate of pay in the Security industry is €11.65 and the the Labour Court have approved the revised following hourly rates

€12.05 per hour – From the 1st June 2021

€12.50 per hour – From the 1st 1st June 2022

€12.90 per hour – From the 1st June 2023

While this is a higher rate to that proposed for Cleaners, this is due to licencing and skill requirements and the overall regulation of the industry.

The Committee also submit some examples of collectively bargained pay rates in the retail industry, and in the services industry which we contend would be an appropriate comparator, given that there are no entry level qualifications or skills required but similar to cleaning, training is provided upon taking up employment.

Marks & Spencer hourly starter rate: €11.77

Arnotts hourly starter rate: €10.53 moving to €11.81 after one year

Contract Cleaners regularly work alongside direct employees carrying out the same or similar cleaning role, and consequently would be comparable to workers employed by the HSE for example.

Cleaners employed by the HSE start on hourly rate of € 13.73. In addition, the Committee submit as an example, hourly rates of pay for operative/cleaners directly employed in the private sector and where contract cleaners would work along with direct staff in these working environments. The example we give relate specifically to the Medical Devices Sector.

Trulife Dublin - €12.23 per hour.

Vitalograph Ennis - €12.09

# where enterprises in the sector in question are in competition with enterprises in another Member State, the general level of wages in the enterprises in that other Member State taking into account the cost of living in the Member State concerned;

Contract cleaning is a non-traded, domestically provided service. At present, firms with headquarters located within and outside the Republic of Ireland compete for contract cleaning service contracts in the country. Firms located in the UK and in Northern Ireland make up the bulk of the external competition. However, the very nature of the service means that service provision has to take place within the country in question and as such companies

are bound by the wage and employment law that pertains to the sector in the country and not that of any other Member State of the European Union.

The Committee contend that Contract Cleaning employers are not in direct competition with employers in other member states paying alternative rates of pay. Contract Cleaning services supplied in Ireland by indigenous Irish owned companies or international multinationals are bound by regulation, wage and employment law that pertains to the Sector in Ireland, and as contained in this proposed ERO, rather than the laws of any other EU member State.

# the national minimum hourly rate of pay declared by order for the time being in force under section 11 of the National Minimum Wage Act 2000, and the appropriateness or otherwise of fixing a statutory minimum hourly rate of pay above that rate;

The national minimum wage (NMW) is currently €10.20 per hour rising to 10.50 on the 1st January 2022, while the Living Wage, as established by the Living Wage Technical Group, is €12.90 for 2022.11 As set out under sections (a) (ii) and (a)(v) above, the contract cleaning JLC agrees that a premium over and above the national statutory wage floor is necessary within the contract cleaning sector to ensure that companies operating within the contract cleaning sector remains viable. The wage premium can act as an efficiency wage for companies. By increasing staff loyalty, the company reduces staff turnover, it lowers supervisory, training and contract search costs and effectively ensures greater productivity and cost efficiency per worker.

# the terms of any relevant national agreement relating to pay and conditions

There is no national agreement other than what is being proposed by this Joint Labour Committee for the Contract Cleaning Industry. In the absence of an ERO for this Sector there is no other effective mechanism for establishing a fair rate of pay and conditions of employment for workers in this industry.

We have already referenced in Section (b) details of rates of pay in comparable employments and employments that engage the services of contract cleaners.

11 Living Wage Technical Group: [www.livingwage.ie](http://www.livingwage.ie/)

# Section 42B - The circumstances surrounding the adoption of the proposed ERO

The JLC formulated proposals for an employment regulation order at its meeting on the 30th August 2021 and in accordance with section 42B of the Industrial Relations 1946, a notice was published on the 24th September 2021 in the Irish Times, Irish Independent and the Irish Examiner. The notice stated that copies of the proposal were available on the Department of Enterprise, Trade and Employment website www.enterprise.gov.ie and invited any person wishing to make a submission to do so in the form of a submission on or before the 14th October 2021. A copy of both notices is attached.

One submission was received by the Secretary of the Labour Court from McKechnie Cleaning Services Ltd, a copy of which was issued to members of the JLC in advance of our meeting scheduled for the 26th October 2021. A copy of this submission is attached.

At the meeting held on the 26th October, 2021 the submission was read into the record and the Chairman asked the Committee if there were any amendments it considered appropriate.

The Union side noted that the objection concerned delaying the implementation of the proposals due to concerns that an increase at this time could have an adverse effect on employment. It was noted the industry is experiencing difficulty recruiting staff at the moment so there was a need to make the industry competitive in order to attract and retain staff.

The Employer side confirmed that they were supportive of implementing the increase rather than delaying it and believed that it will not have an adverse effect on employment within the industry at this time and will assist recruitment into the industry.

At the October meeting the JLC agreed that the ERO proposals along with the Chairman’s report would be submitted to the Labour Court and this was done on the 23rd November, 2021.

**Circumstances surrounding the adoption of the proposed ERO.**

The Committee by having considered the representations made by McKechnie Cleaning Services and being satisfied they had full regard to all matters set out in 42A Section (6), adopted the ERO proposals at its meeting on the 26th October, 2021.

The Committee discussed the Chairman’s report, a copy of which was issued to each member of the Committee. The Committee concluded that the report along with the supporting documents demonstrates that the JLC has had regard to the matters set out section 42A (6).

**Conclusion**

The JLC submit that this report has confirmed that in considering the ERO proposals, the JLC has had regard to the matters set out in subsection (6) of section 42A and has also set out the circumstances surrounding the adoption of the ERO proposals as required in Section 42B.

The Committee therefore respectfully request the Labour Court to adopt the proposals to amend Employment Regulation Order, **S.I. No. 608 of 2020.**