### Security JLC submission to Labour Court - 4th December, 2020

As Chairman of the Security Industry Joint Labour Committee (JLC), I have been requested by the Committee to submit, on its behalf, the attached proposals to amend Employment Regulation Order SI NO 231 of 2017

The proposed Employment Regulation Order relates to the minimum remuneration and conditions of employment of security operatives as defined in PART 1 of the Schedule in the attached proposals and is submitted to the Court in accordance with Industrial Relations Acts 1946 to 2012 for adoption.

This submission on behalf of the JLC to the Court reflects on each of the matters considered by the Committee in accordance with section 42A (6) and the circumstances surrounding the adoption of the proposal by the Committee in accordance with section 42B, both being sections of the 1946 Industrial Relations Act as amended by Section 12 of the Industrial Relations (Amendment) Act 2012.

Five written submissions were received on foot of a notice advertising the availability of the draft proposals at the Labour Court published in *The Irish Times, Irish Examiner and Labour Court website on 30<sup>th</sup> July 2020*. One of the submissions was from an employer representative organisation, three from employers and one from an individual. The submissions were reviewed by the JLC and their contents were thoroughly considered in the manner outlined in this report. Enclosed is a copy of each of the five submissions (Appendices 1-5) along with other submissions considered by the Committee (Appendices 6 to 9).

In addressing each of the matters that fall within the scope of section 42A (6) of the 1946 Industrial Relations Act, the Committee maintains that this proposal will assist in the promotion of harmonious relations between workers, unions and employers and will contribute to the avoidance of industrial unrest.

In 2019, 26,921 Security operatives (with approximately 16,500 actively engaged) and 184 security companies that employ security operatives, were licensed with the Private Security Authority (PSA). The members of the Committee believe the organisations from which they themselves were nominated to be appointed to the Committee by the then Minister for Jobs, Enterprise and Innovation, these being SIPTU, the Irish Security Industry Association and NUSE/SII, represent the interests of 70% of the industry and reflect the issues and concerns of small, medium and large enterprises, in both rural and urban geographies. Accordingly, the Committee believes it is representative of employers and employees covered by the terms of the proposed ERO.

As required, and in compliance with the Industrial Relations Acts 1946-2012, the Committee had regard to the following matters and deliberated and considered each of those matters in the context of all representations received and with regard to the Covid-19 pandemic and Brexit:-

# 42A(6)(a) The legitimate interests of employers and workers likely to be affected by the proposals, including:-

### (i) The legitimate financial and commercial interests of the employers in the sector in question:-

Companies in the Security 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. Operators commonly set prices as a mark-up above the statutory sectoral minimum wage.

An ERO sets down a minimum level in terms of the labour cost, and it does not restrict companies from competing on mark-up or other indirect charges.

It is in the commercial and financial interests of employers within the sector to agree to an ERO that effectively sets a collectively bargained minimum pay level for Security operatives in the sector and sets out controlled future costs for clients to assist with forward budgeting. Labour costs account for 85% to 90% of the total cost-base for Security employers and the renewal of an ERO for the sector will mean a 'level playing field' on labour costs for those operating in the sector.

While it was initially planned that the effective date for the new Order should be 1<sup>st</sup> June 2020, in line with previous EROs and fully expected and planned for within the industry, the Committee, alive to the potential economic risks of the Covid-19 pandemic, delayed the implementation date for the hourly-rate increase from 1<sup>st</sup> June 2020 to 1<sup>st</sup> October 2020, the latter being the date contained in the proposals published in the public notice on the 30<sup>th</sup> July 2020 in compliance with Section 42B (1) of the IR Act 1946, as amended.

The submissions were provided to the members of the Committee prior to a virtual meeting, held on the 23<sup>rd</sup> September, and reconvened on the 9<sup>th</sup> October, where they considered the four submissions received from the employer side, i.e., from the representative organisation ISIA and three of its member companies, Mitie and OCS (the ISIA, Mitie and OCS letters contain the same content and so were considered together), and Bidvest Noonan. All submissions expressed concern with the timing of the proposed ERO. The Committee also considered the submission from Mr Donie Murphy, ex-security guard, and a document provided by SIPTU by way of economic data.

The objections from the employers' submissions do not specifically refer to financial or economic issues in the sector but make general points about the economy as a whole in relation to Covid-19 and Brexit:

'The impact of COVID-19 is being felt by all sectors of the economy, and all economic projections point to our economy heading into a significant and prolonged recession.' (Bidvest)

'The COVID-19 pandemic has had a serious impact on Ireland's economy and the country is experiencing a significant financial crisis, to the extent that the Minister for Finance has formally announced that the country is entering a severe recession.' (OCS / Mitie/ ISIA)

'It was reported on 12 August 2020 that the UK economy suffered shrinkage of 20.4%, one of the biggest slumps recorded among advanced economies, placing the UK into recession for the first time in 11 years. As the UK is our nearest trade partner, this will undoubtedly have a detrimental effect on the Irish economy, as our economic fortunes have historically been inextricably linked.' (Mitie / OCS / ISIA)

It was noted that the economic arguments were general in nature and did not reflect the conditions in the sector specifically.

In relation to the general economic conditions, the committee gave weight to the detailed document provided by the *employee* side that demonstrated a much more positive outlook, while also accepting the possibility of turbulence ahead.

The solution to the economic uncertainty, suggested by ISIA, was to delay the implementation of the ERO for 18 months

".....defer the implementation of any new ERO for the security industry for the next 18 months, until we can better understand the economic fall-out resulting from COVID-19 and Brexit." (ISIA)

Additionally, Bidvest were concerned with the timeline for the phased increases:

"we must seriously question whether imposing two pay increases within an 8-month period (and a total of 3 increases in 20 months) is appropriate or responsible".

Taking these issues separately, and the latter first, the committee accepted that this was the effect of having agreed to an implementation delay from 1<sup>st</sup> June to 1<sup>st</sup> October and that employees had already forgone the increases expected from

June 2020, reducing the value of the negotiated increase over the life of the Order from 10.7% to 8.3%.

In reviewing the suggested deferral for 18 months, it was noted that the last increase enjoyed by employees was from June 2019 and a deferral for a further 18 months from the initial date agreed for increases, June 2020, would mean no increase until December 2021.

Meanwhile the employer representatives confirmed that there are staff shortages across the sector and such a deferral may exacerbate the issue, especially given the increases that have been implemented in other sectors, e.g., in Contract Cleaning and by way of the National Minimum Wage. There would be a consequent adverse impact on the ability of employers to attract and retain employees.

At that point, having considered the joint and several representations received with regard to the commercial concerns of employers in the industry, and the subsequent submission provided by way of response by the employee members of the JLC (Appendix 6), the Committee decided it was appropriate to proceed with the proposals as published with one amendment, that being to provide for a 1<sup>st</sup> January 2021 commencement date.

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The ERO proposals and Chairman's report were submitted to the Labour Court on the 14<sup>th</sup> October and the Labour Court responded on the 29<sup>th</sup> October, confirming that the proposals had not been adopted.

The Labour Court response was circulated to all committee members and it was decided that a subcommittee would be formed, in order to provide further assurance to the Court by showing that the committee had given full regard to the matters set out in section 42A (6)(a) by reviewing again the following items: the submissions received; the Chairman's report and documents relied upon in the committee when making its decisions, and other comments made by the Court.

The subcommittee reported back to the JLC when it met on the 4<sup>th</sup> December 2020 and the JLC addressed the following under 42A (6)(a)(i):

The request for a delay in the effective date of 18 months and the impact of two increases in one calendar year

The Committee again considered the value of delaying the commencement date in light of the comments received from ISIA and its member companies and the alternative perspective given in the SII and SIPTU submissions and agreed that this delay was inordinate and did not deal with the issues of industrial harmony nor staff shortages. It also noted that the 3 companies that submitted a request for a further delay, as members of the Irish Contract Cleaning Association, were also party to the recently agreed proposals for increases in cleaning sector JLC.

However, it accepted that the delay in implementation that has occurred simply due to the process will have the effect of bringing phase 1 of the proposals so close to the increases due under phase 2 that it would be unpalatable for most clients and very significantly alters the concept of annual increases that has applied in EROs since 2000.

For those reasons the proposals have been altered to provide for an effective date of 1<sup>st</sup> February 2021 in place of the original expected date of 1<sup>st</sup> June 2020, an 8-month delay, with future increases in the hourly rate occurring in the following calendar years.

The Committee considered the responses of the sub-committee and were satisfied that full consideration had been given to the issues raised during, and subsequent to, the public consultation process. It noted full acceptance of the proposed amendments to the Order on the employee side and a majority acceptance on the employer side.

# (ii) The desirability of agreeing and maintaining efficient and sustainable work practices appropriate to the sector in question:-

It is submitted by both the employer and employee representatives that this proposed ERO would result in an *efficiency wage*, as per Rebitzer and Taylor<sup>1</sup> and Georgiadis <sup>2</sup> and, as such, could increase and not lower total employment levels in the industry. A proven track record of reliability and the consistent quality of service is critical for employers to retain and win new contracts.

By setting the ERO above the National Minimum Wage, employers incentivise staff loyalty and higher quality service delivery, thereby reducing supervisory costs (crucial to an industry that depends on workers operating in units of varied

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<sup>&</sup>lt;sup>1</sup> Rebitzer and Taylor (<u>The Consequences of Minimum Wage Laws: Some New Theoretical Ideas,</u> 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.

<sup>&</sup>lt;sup>2</sup>Georgiadis (<u>Efficiency Wages and the Economic Effects of the Minimum Wage: Evidence from a Low Wages Labour Market</u>, 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

size), improving staff retention and reducing staff turnover, training and search costs.

The expectation is that any cost-increase associated with a rise in the ERO basic rate is normally recoverable from clients. In the medium term, savings can be achieved by lower staff turnover resulting in reduced costs in training, uniforms and recruitment. A reduction in resources in relation to Garda vetting would follow.

In addition to the increases in pay, the ERO provides for new practices in:-

**Regular rostered overtime:** provides for the inclusion of paid breaks in the calculation regular rostered overtime in calculating overtime payment and Holiday pay and deals with issues raised by employees in the past

**Death in Service benefit:** previous EROs were silent on the obligation to include previous employment transferred in a TUPE situation to ascertain entitlement and value of this benefit and this is now clarified

**Personal Attack Benefit:** new conditions have been inserted that must be met by the employee in order to be entitled to this benefit to deal with employer concerns

**Recovery of Training costs:** There has been a change in the manner in which deductions are calculated for the cost of training when a staff member leaves employment early. This is now calculated on a percentage basis, reflecting the increased cost of training to employers now associated with security service provision

**Recovery of uniform costs:** similarly there has been a change in the value recovered from employees leaving their employment early and this is due to the increasing value of uniforms provided by companies

Since the introduction of the first ERO (effective 2000) and introduction of private Security licensing in 2004 for Security companies and 2007 for Security operatives, there has been considerable development in the role of Security personnel. Those developments have provided the opportunity for Security operatives to develop careers within the industry.

Examples of the increased role of Security personnel on client sites are:

- 1. Compliance with regulatory and industry standards.
- 2. Increasing use of Security technology.
- 3. Increased consideration and compliance with environmental, quality, health and safety risks and standards.

- 4. Greater focus and engagement towards staff, clients and their employees and members of the public.
- 5. Responsibility for initiating and/or leading emergency response protocols.

The increase in role and responsibility has been facilitated by improved staff retention, upskilling and improvements to overall industry standards during the currency of the ERO from 2000. Those standards were adversely impacted during the period 2011 to 2015, while there was no ERO in place.

This increased role brings with it additional investment requirements to train Security operatives in specific tasks. In order to ensure that those training costs are manageable for employers, low levels of employee turnover need to be maintained. The payment of sustainable hourly wages has been, and remains, critical to ensuring this low turnover.

The costs associated with recruitment and training are significant. Within the revised licensing regime, there are specific requirements for training prior to, and during, employment.

The pre-employment training statutory minimum increased from 36 to 100 hours in 2014 and there are new refresher training requirements contained in the revised operating standard for Security companies in line with PSA 28 2013.

The representation from retired security officer, Mr Donie Murphy, stated 'Security guards are totally undervalued... for in the event of a fire or major accident on a premises, the security guard is the person that must deal with it. It is now a high-tech job....'

# (iii) 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.

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. This might result in cuts to pay and workers' hours. The Security industry is already a relatively low paid, labour intensive industry. It is likely that cuts to wages and hours would lead to industrial unrest, disruption of service and increased noncompliance with the principles of Transfer of Undertakings legislation.

Bidvest Noonan expressed concern that '.... the draft proposal will result in a cumulative increase in rates of remuneration of 10.75% over the period of the ERO. This will ultimately have a detrimental impact on the industry, job security and employment...'

And ISIA / Mitie / OCS state '...a large/substantial number of clients have actually requested cost reductions...'

However, the representation from Mr Donie Murphy called for '....a starting rate of 12.50 rising to 15 euros an hour with five years' service, on 39 hours plus overtime.'

An increase of 3.4% on the hourly wage rate to bring it to €12.05, as proposed, represents a relatively small increase for workers in the context of the adverse impact experienced in the diminution of disposable income over recent years. During the period 2009 to 2020 the hourly rate payable to a security operative will have seen an increase of 8.4%, which is significantly below the average industrial wage increase of 23%. Over the same period, many Security operatives, who are dependent on social housing or the private rental market, will have experienced rental increases of the order of 40.5%.

The terms of the proposals subsequent to the representations made as part of the public consultation, have provided for a revised commencement date of 1<sup>st</sup> January 2021, and this will have the net effect of reducing the total cost of the increase in hourly rate over the 36-month life of the agreement from 10.7% to 8.8%, with a pro rata reduction in income for security personnel.

Inadequate remuneration effectively shifts responsibility to the State to ensure workers have a minimum standard of living. Security operatives who work as few as 24 hours a week, who have dependents, may be reliant on Family Income Supplement payable by the Department of Social Protection.

### (iv) The desirability of maintaining harmonious industrial relations in the sector in question:-

The Committee contends that the reintroduction of the ERO mechanism has maintained and improved progressive and harmonious relations between workers, their unions and employers culminating in the avoidance of disputes.

The JLC mechanism is supported and endorsed by the majority of employers and employees in the industry and, even while objecting to issues in the current proposals, employer parties comment:

<sup>&#</sup>x27;In principle we fully support the ERO process....' (ISIA)

'Bidvest Noonan, as the largest employer's in the sector, has always supported and worked collaboratively with the JLC to bring about improvements in the industry and continues to seek to do so' and '...we fully support the principle of introducing a new ERO, however we must object to the current draft proposal' (Bidvest)

Since 2000, during the currency of EROs, security industry negotiation has occurred within the context of the JLC and, consequently, there has been little incidence of industrial unrest or threatened industrial unrest. Notably, since the commencement of the 2015 Security ERO, industrial harmony in the industry has contrasted with developments in some other sectors.

The Committee suggests that if the proposed ERO is not approved it is likely that this would lead to widespread pay claims and industrial disharmony which would have a significant adverse impact across the sector.

### (v) The desirability of maintaining competitiveness in the sector in question:-

The Committee maintains that an ERO enhances the competitiveness of the Security sector principally through two mechanisms.

1) The hourly wage rates proposed in the draft ERO will effectively act as an efficiency wage. As detailed above, the payment of a premium above the national minimum wage recognises the certified skills, licensing and training undertaken by Security operatives and the varied nature and responsibility associated with Security operative work. Payment of the agreed terms and conditions within the ERO promotes loyalty, low job turnover and reduced training, supervision and associated costs.

For employers, this means greater price certainty, the ability to plan financially, the retention of existing contracts, the capacity to tender for new contracts and increased returns from any investment in workers such as training.

2) The large share of the cost base attributable to labour combined with the presence of an ERO ensures a wage floor in the sector and prevents predatory competitive behaviour. This ensures greater probabilities of survival for the companies already in, and those entering the Security sector, effectively taking wages out of competition.

As outlined by SIPTU in their submission: 'A high-road competitive model ensures that firms compete in a manner that increases value-added and wages, with positive spill-over effects on the rest of the economy and the Exchequer (higher growth, wages, tax revenue, purchasing power and demand). In this model, firms focus on service quality, efficient allocation of resources, customer

relations, investment in training, attracting labour through improved conditions, etc. This creates more resilient and long-term successful firms."

# (vi) The levels of employment and unemployment in the sector in question:-

Approximately 16,500 workers (of the 26,921 licensed security operatives) were employed in Security guarding roles in 2019. While employment in the Security sector tends to be volatile with a share of the total employment dependent on client-based demand, it is noted that there is no evidence that the reintroduction of the ERO in 2015 had an adverse impact on employment levels. Similarly, the impact on employment levels in the security industry during this COVID 19 pandemic seems to have been negligible, with the demand for extra security by some clients almost meeting the temporary reduction in requirements of other clients. The Committee contends that the proposed ERO will also have no adverse impact on labour demand in the sector.

#### (b) The general levels of wages in comparable sectors:-

The Security industry is unique and differs from all the other service industries covered by a JLC because of its distinct risks and public safety responsibilities. The Security industry may be classified as a skilled sector dependent on certification, accreditation and qualification. All Security officers have to undergo licensing and accredited training at QQI level 4 (100-hour course). The professionalisation of the sector has ensured a significant proportion of the Security industry employees become career Security operatives. The training and licensing requirements justify remuneration over and above the national minimum wage.

The proposed ERO with a minimum hourly rate of pay at €12.05 in 2021 rising to €12.90 per hour in 2023 is, in the Committee's opinion, appropriate and proportionate in the light of pay movement in the wider economy.

The subcommittee formed to review documentation subsequent to the Labour Court response to the initial proposals reported the following under 42A (6)(b): In the period 2015 to 2019 the basic rate of remuneration in the security industry has increased from  $\in 10.75$  to  $\in 11.65$ , a 8.3% increase, and in the cleaning sector, which is another sector with a JLC and with companies that provide services to clients under similar commercial considerations as security companies, and would employ from a similar labour profile, the basic rate has increased from  $\in 9.75$  to  $\in 10.80$ , a 10.7% increase. The most recent proposal from the cleaning sector JLC is an increase to  $\in 11.20$ , an increase from 2015 of 14.8%, while the

increase now proposed from this JLC represents an increase of only 12% in the same period.

Other comparable sectors to the Security industry in Ireland are the Army, the Gardai and the Fire Brigade Service who all carry similar levels of risk and public safety responsibilities in their roles and similarly have training and qualification requirements to complete their roles.

Under the proposed ERO the basic Security Gross Pay based on a 39-hour week would be €470 per week. Comparison of the proposed Security ERO versus these sectors indicates that the proposed ERO pay levels for the industry are not excessive to any extent.

| SECTOR                 | WEEKLY GROSS PAY        | PAY VARIANCE                      |
|------------------------|-------------------------|-----------------------------------|
| *Army Private Yr 1     | €419 gross pay per week | €51 pw below Security ERO         |
| *Army Private Yr 3     | €491 gross pay per week | €21 pw above Security ERO         |
| **Garda Officer Yr 1   | €607 gross pay per week | €137 pw <b>above</b> Security ERO |
| **Garda Officer Yr 3   | €728 gross pay per week | €258 pw <b>above</b> Security ERO |
| ***Fire Officer yr 1-4 | €687 gross pay per week | €217 pw <b>above</b> Security ERO |
| ***Fire Officer yr 5-9 | €757 gross pay per week | €287 pw <b>above</b> Security ERO |

SOURCE: \* Oglaigh Na hEireann \*\* Garda Representative Association \*\*\* Irishfireservices.ie

Another comparator is the National Minimum Wage, the growth of which is reported to impact significantly on the ability of security employers to attract and retain staff, as identified in the submission of the SII

(c) 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 that Member State concerned:-

The JLC notes that Security is a non-traded, domestically provided service. At present, companies with headquarters located within and outside the Republic of Ireland compete for Security service contracts in the country. 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.

Further, Security Services supplied in Ireland by indigenous Irish owned companies or international multinationals are bound by regulation and wage and employment law that pertains to the sector in Ireland and not of any other member

state of the EU and therefore Security Employers are not in direct competition with employers in other member states paying alternative rates of pay. (SIPTU) Three sources were identified in respect of wages in the Security sector. First, the CSO/Eurostat Labour Force Survey<sup>2</sup>

| <b>Employee Compensation in Security Sector: 2016 (€ and PPP per hour)</b> |       |  |       |  |  |  |  |
|--|-------|--|-------|--|--|--|--|
| Nominal  |       | <b>PPP</b> (factoring in living costs) |       |  |  |  |  |
| Belgium  | 35.50 | Belgium                                | 32.51 |  |  |  |  |
| Denmark  | 35.44 | Denmark                                | 26.40 |  |  |  |  |
| Sweden   | 33.36 | Sweden                                 | 25.62 |  |  |  |  |
| Netherlands  | 26.85 | Netherlands                            | 24.21 |  |  |  |  |
| Finland  | 24.33 | France                                 | 20.09 |  |  |  |  |
| EU Peer Group  | 22.09 | EU Peer Group                          | 20.02 |  |  |  |  |
| France   | 22.00 | Finland                                | 19.78 |  |  |  |  |
| Austria  | 20.28 | Austria                                | 18.65 |  |  |  |  |
| Germany  | 18.52 | Germany                                | 17.47 |  |  |  |  |
| Ireland  | 18.37 | Ireland                                | 16.65 |  |  |  |  |

Whether expressed in nominal Euros or PPPs which factor in living costs, Ireland is at the bottom of the EU peer group table. In both tables, Irish employee compensation in the security sector would have to increase by 20 percent to reach the EU peer group average (nearly double to reach the Belgian level).

Second, the Eurostat Structural Business Statistics average personnel costs (i.e. employee compensation) for the peer group. This database provides average annual personnel costs. The extrapolated hourly wage is calculated based on the average number of hours worked in the security sector.

<sup>&</sup>lt;sup>2</sup> https://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=lc\_ncost\_r2&lang=en

| Annual Personnel Costs and Extrapolated Hourly Wage: 2017 (€) |                |                              |       |  |  |  |  |
|---|----------------|------------------------------|-------|--|--|--|--|
| Average Annual Pers<br>000)                                   | onnel Costs (€ | Extrapolated Hourly Wage (€) |       |  |  |  |  |
| Sweden  | 48.8           | Belgium                      | 34.43 |  |  |  |  |
| Belgium   | 43.9           | Sweden                       | 29.17 |  |  |  |  |
| Denmark   | 42.0           | Denmark                      | 24.01 |  |  |  |  |
| Netherlands   | 37.6           | Netherlands                  | 21.35 |  |  |  |  |
| Finland   | 33.1           | France                       | 20.65 |  |  |  |  |
| France  | 31.9           | Finland                      | 19.83 |  |  |  |  |
| EU Peer Group   | 29.1           | EU Peer Group                | 17.43 |  |  |  |  |
| Ireland   | 26.3           | Ireland                      | 14.55 |  |  |  |  |
| Austria   | 25.6           | Austria                      | 13.99 |  |  |  |  |
| Germany   | 23.4           | Germany                      | 12.81 |  |  |  |  |

In average annual personnel cost, Ireland is third from the bottom and would only need a 10.4 percent increase to reach the EU peer group average. However, this doesn't factor in the number of hours worked. The average annual number of hours worked in our peer group is 1,706 for the security sector. In Ireland the average hours worked is 1,808 – more than two weeks more than other EU peer group countries. When this is factored in on an hourly basis, Ireland is still third from the bottom. However, the hourly wage would need a 19.9 percent increase to reach the EU peer group average – consistent with the findings of the Labour Force Survey.<sup>3</sup>

(d) 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 above that rate:-

The national minimum wage (NMW) is currently €10.10 per hour having increased on the 1<sup>st</sup> February2020, with a further increase to €10.20 per hour due in January 2021. As set out under sections (a) (ii) and (a) (v) above, the Security JLC agrees that a premium over and above the national statutory minimum wage is necessary to recognise the skills training and qualifications required by Security guards.

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<sup>&</sup>lt;sup>3</sup> While there are differences in the hourly wage between the Labour Force Survey and the Structural Business Statistics database, this is due to methodological issues. Whatever about the magnitude, the relationships with the average is broadly the same.

In 2009 the NMW was  $\in 8.65$  while the security officer hourly rate for those in the industry more than 3 years was  $\in 10.75$ , a differential of 24.2%. Under these proposals, in February 2021 that same security guard will be paid  $\in 12.05$  per hour and the NMW will be  $\in 10.20$ , a differential of only 18%, representing a significant erosion. At the current rate of  $\in 11.65$  per hour the differential would be 14%.

Furthermore, the ERO rate of pay also acts 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 Committee further contends that, in the absence of a JLC system, there is no effective mechanism for determining and maintaining fair rates of pay and conditions of employment in the industry over and above the national minimum wage.

### (e) The terms of any relevant national agreement relating to pay and conditions:-

The relevant national agreement is the 2017 Security Employment Regulation Order (ERO) SI No 231 of 2017. The JLC proposes this ERO has been agreed as an amendment to that SI No 231 of 2017. The National Minimum Wage (NMW) applied increases in pay of 6% between 2017 and 2019 compared to increases in pay of 8.3% applied by the Security Employment Regulation Order (ERO) for that same period. Recently the NMW has been increased by  $\{0.30\ \text{per hour from}$  the  $1^{\text{st}}$  of February 2020 and a further  $\{0.10\ \text{per hour in January 2021}$  compared to  $\{0.40\ \text{per hour proposed in the Security ERO for }1^{\text{st}}$  February 2021.

Michael Keegan

Chair

Security Joint Labour Committee

4th December, 2020