

File Ref: CD/09/502

11<sup>th</sup> July 2009

Mr Eamon Devoy  
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Mr. Jack Hegarty  
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Dear Mr Devoy, Mr Keenan, Mr Hegarty

Enclosed please find Letter Recommendation as issued by the Labour Court today.  
A Recommendation bearing a reference number will issue on Monday 13<sup>th</sup> July 2009.

**CD/09/502**

**INDUSTRIAL RELATION ACTS, 1946 TO 2004  
SECTION 26(1) INDUSTRIAL RELATIONS ACT, 1990**

**PARTIES:**

**ELECTRICAL CONTRACTORS ASSOCIATION (ECA)  
ASSOCIATION OF ELECTRICAL CONTRACTORS (IRELAND) (AECI)  
-AND-**

**TECHNICAL, ENGINEERING & ELECTRICAL UNION (TEEU)**

**DIVISION:**

Chairman : Mr. Duffy  
Employer Member: Mr. Murphy  
Worker Member : Mr. Nash

**SUBJECT:**

1. Pay claim.

## Background

This dispute came before the Court against the background of a nationwide strike by members of TEEU in furtherance of a claim for a pay increase which, they contend, is outstanding under the terms of the Registered Employment Agreement for the Electrical Contracting Industry. The dispute is between the parties who are represented on the National Joint Industrial Council for the Electrical Contracting Industry.

The dispute has been the subject of extensive conciliation at the Labour Relations Commission extending over three days. Substantial agreement has been reached in that process on a range of issues in contention between the parties. However, final agreement was not reached on the Union's pay claim. At the request of the parties, that question was referred to the Court by the LRC under section 26(1) of the Industrial Relations Act 1990 for investigation and recommendation.

Following the conciliation process the LRC issued proposals in the following terms: -

*“Further to the most extensive conciliation possible in this dispute the Labour Relations Commission puts the following proposal forward to resolve the issues in dispute and to bring the current industrial action to an end.*

*The Commission understands that all parties referred to above are prepared to accept this proposal as a resolution of the current dispute.*

### **Settlement Proposal.**

- *That any previous proposals by the employer side to reduce pay rates or to diminish any terms or conditions of employment contained in the Registered Employment Agreement are withdrawn.*
- *That all parties commit fully to the Registered Employment Agreement for the industry. All parties commit to complete a joint review of the agreement within a four month period under the Chair of the Chairman of the EINJIC. Any modification of the Agreement will occur only by agreement of all parties to the EINJIC.*
- *All parties agree that the common goal of compliance with the REA will be advanced by a joint approach to all related matters to be finalised within one month of issue of this proposal.*

*Noting that agreement on the issue of pay in the electrical contracting industry has been beyond the parties in the course of these engagements, meeting together or separately under the Chair of the Labour Relations Commission, the Commission will proceed to refer the matter to the Labour Court for non-binding arbitration in accordance with section 26(1) of the Industrial Relations Act, 1990. This referral will take place immediately.*

*The Commission puts this proposal in the interest of securing stability in this critical industry and strongly encourages all with a capacity to contribute to this resolution to do so in the National interest. In making the proposal the Commission notes the desire of all parties that an independent review of the dynamics of the industry and how they have contributed to this dispute and the difficulty in finding resolution be carried out. This is critical to the orderly conduct of relationships between the parties into the future.*

*The Commission also notes the clear commitment of all parties that no victimisation or recrimination will occur arising from this dispute.”*

The Court investigated the dispute on Saturday 11<sup>th</sup> July 2009. The Court received comprehensive submissions from the parties on the issues involved.

The following is the recommendation of the Court

## **History of pay determination**

The REA provides its own mechanism for pay determination. Rather than applying national pay agreements directly, pay adjustments are determined by reference to movements in pay in an agreed range of analogous employments. Under that arrangement the pay of electricians in the analogous employments is determined annually, in September each year, and the Joint Industrial Council for the Industry establishes the average basic rate payable in those employments. This rate is then incorporated in the Registered Employment Agreement for the industry with effect from 1<sup>st</sup> April of the following year. Thus pay is determined on the basis of following movement in the rate of electricians in a representative group of analogous employments. The underlying rationale of this system is that electricians in the electrical contracting industry should be paid no more and no less than the average rate paid to electricians employed in other sectors. The Court is satisfied that this system has worked well over many years and provided both employers and workers with a fair and orderly system of fixing wages in the industry.

## **Review of the Agreement**

Nonetheless, no agreement can remain immutable for all time and account must be taken of changed circumstance that develop over time. In that regard it is noted that the parties have agreed, in the course of the conciliation process, to conduct a thorough review of all aspects of the REA. The Court is satisfied that the parties are fully committed to developing, within that review, all aspects of the REA so as to meet the current and emerging needs of employers and workers in the industry.

## **The current claim**

There are two aspects to the Union's current claim. Firstly it relates to an increase agreed through the review mechanism provided by the REA in September 2007. That increase was due to take effect on 1<sup>st</sup> April 2008. If implemented it would have amounted to an increase of €1.05, or 4.9%, in the hourly rate of craft workers at each

point of the scale. The increase was not applied at the due date because of legal interventions by certain parties outside the Joint Industrial Council for the Industry. The employers involved in this dispute freely agreed to that increase. They now fully accept that were it not for those interventions the increase would have been implemented on the due date and would now be fully integrated in the pay of electricians within the industry.

The second aspect of the claim is based on the projected increase which the Union believes would have emerged from the review of rates in the analogous employments had it taken place in September 2008. However, that review has not taken place because of the serious downturn in the sector and other factors. In consequence this aspect of the Union's claim has not been agreed.

## **The approach of the Court**

In formulating its recommendations on how the current dispute should be resolved the Court has taken full account of the current economic and employment circumstances of the electrical contracting industry and those of the broader construction sector upon which it largely depends. The Court has also taken into account the fact that electricians in the industry have not had a pay increase since 2007 and that employers have, in effect, had the benefit of a two-year pay freeze. That period covered, in part at least, a time when the industry was buoyant. Furthermore, in the period in question workers generally, including those in the broader construction sector, received some increases under the terms of either the previous or the present National Partnership Agreements.

## **Recommendation**

In all of these circumstances the Court is satisfied that the Union's claim, in so far as it relates to the increases which was due in May 2008, has merit. However, the manner and timing of addressing that claim must take full account of the current circumstances of the industry.

With regard to the second aspect of the Union's claim – for the projected value of the review due in 2008- the Court believes that this should not be pursued at this time. It should be considered, on a without prejudice basis, in the context of the review of the REA proposed by the LRC.

Accordingly, and for the reasons referred to above, the Court recommends that the rates of pay currently prescribed in the REA be adjusted in two phases as follows: -

- Phase 1:  
With effect from 1<sup>st</sup> September 2009 - An increase of 2.5% on each point of the scale
- Phase 2:

With effect from 1<sup>st</sup> January 2010 - An increase of 2.4% on each point of the scale

This recommendation is made having regard to the particular facts and circumstances of this case. It is not intended to have any application or precedent value for any other group or category. Consequently it should not be relied upon or quoted by either employers or unions in any other case.

## **Other matters**

Finally the Court wishes to place on record its view that, hitherto, the Electrical Contracting Industry has been a model of stable and cooperative industrial relations. This has been due, in no small measure, to the positive and constructive role played by established trade union and employer bodies within the sector. They have, over many years, positively promoted the interest of their respective constituents while maintaining a common commitment to the overall advancement of the industry for the benefit of its clients and those who depend upon it for their livelihood. This has been achieved, to a significant extent, by the maintenance of effective negotiating structures in the form of the National Joint Industrial Council for the Industry and their commitment to the Industry Registered Agreement. The events giving rise to this referral are a regrettable departure from that model.

The agreement reached at the LRC contains a reaffirmation by the parties of their commitment to the REA and the industrial relations structures by which it is underpinned. The terms of this Recommendation, read in conjunction with the substantial agreement reached with the assistance of the LRC, provides the parties with the best opportunity to put the recent events behind them. The Court wishes to urge the parties to use that opportunity to rebuild employer / worker relationships and to develop and strengthen the cooperative structures and agreements, suitably adapted to meet current requirements, so as to meet the challenges which the industry is currently experiencing and to position it to take full advantage of the opportunities for recovery which will undoubtedly arise in the future.

Signed on behalf of the Labour Court

Kevin Duffy  
Chairman

11<sup>th</sup> July 2009

M.G.