

## WHAT TO EXPECT OF 2017 – HR CONSIDERATIONS

### **JLC's:**

Joint Labour Committees [JLC's] determine terms and conditions of employment for workers in particular sectors and are legally binding. The abolition of the JLC's in July 2011 left retailers on tenterhooks awaiting the recommendations. In 2012 the government introduced legislation to facilitate JLC review. The Industrial Relations (Amendment) Act 2012 reformed the Joint Labour Committees' wage-setting mechanisms and came into force on 1<sup>st</sup> August 2012. On January 29<sup>th</sup> 2014 Mr Bruton then signed an order giving effect to recommendations from the JLC Review. The order provides for the abolition of 2 JLC's bringing the number of JLC's to the current 8: Dublin Hotels, Law Clerks and for amendments to be made to the existing Establishment Orders; Contract Cleaning, Hairdressing, Hotels [Outside Of Dublin and Cork], Security. The JLC's are arguably not responsive to changing economic needs nor promote job creation. Workers are already protected by national primary legislation of which there are 40 pieces including minimum wage legislation. From being deemed unconstitutional to reinstatement, the JLC roundabout continues for employers in 2017.

**Retirement:** The Equality (Miscellaneous Provisions) Act 2015 commenced on the 1st January 2016. This amended the rules on mandatory retirement and age discrimination which brought Irish legislation into line with European legislation. There is no set retirement age in Ireland. State pension has increased to 66 and will ultimately rise to 68 over the coming year but this does not imply that employers have an obligation to match retirement age to pension age. There are separate issues under Irish legislation. In setting a retirement age employers must objectively and reasonably justify the age with a legitimate aim and the means of achieving the aim are appropriate and necessary. Before the introduction of this legislation many companies offered fixed term contracts to those who had reached the mandatory age of retirement within the contract of employment. This method can still apply now however the FT contract must now be objectively and reasonable justified by a legitimate aim. Going into 2017 employers can expect more hesitation from employees towards retirement at 65/66 and expect case law to come to the forefront of this topical issue.

**Industrial Action:** During 2016 our country witnessed a significant increase in the amount of industrial action in relation to pay restoration and pay increases with LUAS drivers, Dublin Bus drivers and secondary school teachers represented by the ASTI taking to the picket to demand pay increases. An Garda Siochanna and Irish Nurses and Midwives Organisation have also raised concerns about pay rates. It is expected that 2017 will see further industrial relations upheaval while the campaign for pay increases continues.

**Budget 2016:** Budget 2016 put safety measures in place for Irish business which will hopefully result in trade within the country. For example Enterprise Ireland and the IDA are to get an additional €3 million in funding. Extending income tax relief schemes such as Special Assignee Relief Programme (SARP) and the Foreign Earnings Deduction were extended until the end of 2020, as well as a slight easing on the requirements of those schemes. The Start Your Own Business scheme was extended for another two years. The scheme aims to assist people with a business idea, assess their plan's viability and to decide if they should proceed with it or not. Capital Gains Tax was reduced from 20% to 10% on disposals of qualifying assets up to a limit of €1 million in chargeable gains. In addition assurances were given that Ireland's corporation tax rate of 12.5% will not be changed.

Any strengthening of the economy will directly impact on recruitment of talent within the pool of candidates available. This may result in a war for talent which may have cost implications on smaller

employers in trying to compete with larger business on the comprehensive range of benefits made available to employees.

**Workplace Inspections:** The Workplace Relations Act 2015 came into law on the 1st October 2015. NERA inspectors are now known as the Workplace Relations Commission Inspectors and have heightened powers under the legislation. 2016 saw a heightened number of audits being conducted nationwide with particular focus on retailers. In 2017 employers can expect further unannounced visits as employees have a heightened knowledge of their rights under the legislation.

**Industrial Relations (Amendment) Act 2015:** This legislation allows for trade unions to refer to the Labour Court and 2016 saw the first test case under this amended legislation involving Freshway Foods and SIPTU. This case was the first to be processed by the Labour Court and it has provided a substantial increase in pay and conditions for a group of low paid workers. The recommendation from the Labour Court provided for binding increases in pay and conditions including additional annual leave based on service and a sick pay scheme in circumstances where it was noted that it was not the common practice of the employer to engage in collective bargaining. This is relevant to all employers going forward who decide not to recognise unions or who do not have an internal accepted body for them to negotiate with. This is a big decision with potential knock on implications for all industries for 2017 going forward.

The HR Suite can advise you and your organisation how to be proactive in managing the changes that are expected in 2017 that will impact on your business. If you require further information, please do not hesitate to contact us on (066) 7102887 or (01) 901 4335.

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