

## The National Pay Agreement

By Bernie Cullinan

The National Pay agreement which was concluded on September 17<sup>th</sup> is a 21 month agreement and provides for the following pay terms in private sector organisations:

- A pay pause for 3 months
- 3.5% pay increase for next 6 months
- 2.5% pay increase for next 12 months except for employees earning €11 or less per hour, in which case it will be 3% for next 12 months.

For the public sector, it provides for an 11 month pay pause and then 3.5% for the nine months commencing September 2009 and a further 2.5% for the remainder of the agreement.

The pay agreement was negotiated within the context of the social partnership framework – Towards 2016. As such, there are wider provisions in the agreement beyond pay. Almost all of these are confirmation or modification of existing initiatives which are in place. However, there are two that are probably of most interest to employers:

### **1. The employment practices compliance initiatives**

Since the last pay agreement, NERA, the National Employee Rights Authority was established and it is expected that it will be on a statutory footing by the end of this year. In this new agreement, it is clearly established that the objective of the compliance initiatives is to develop a positive climate of co-operation between employers and employees and to improve overall employment practices. It is that, rather than an emphasis on the negative aspects of inspection that is clearly set out in the agreement. It is anticipated that the increased investment in NERA resulting from this agreement will increase the rate of inspection. The Government is committed to increasing its inspection resources, particularly in the area of investigation of bogus self employment registrations.

### **2. The temporary and agency workers provisions.**

The agreement states that its provisions are to support businesses to have sufficient workforce flexibility to meet business demands whilst ensuring that there is no abuse of staff through their retention as temporary or agency workers. The main provisions in the agreement provide for the registration of the terms and conditions of those who are employed through agencies and a broadening of the scope under which the agency activities can be reviewed and investigated.

There is a temporary worker directive at the final stages of preparation in the EU and it is this, when translated into Irish law will define the rights of temporary workers. The principal provisions are that temporary or agency workers receive the same rate of pay as full time permanent workers from day one. It is open to each country to determine the position they will take on whether temporary or agency workers will be eligible for pensions, sick pay or share option schemes will be included.

### **3. Opting out**

Implementation of the agreement is subject to each sector and each organisation determining its ability to implement the agreement. Whilst the agreement is currently with the unions to ballot its members, there are indications on both sides that there will be difficulties in accepting the terms but for employers, the affordability of the terms is clearly becoming an increasingly difficult issue given the challenges employers are facing in the lowering of demand in many sectors.

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