

## IRISH CONGRESS OF TRADE UNIONS

### Opening statement to the Joint Committee on Tourism, Culture, Arts, Sport and Media

#### *Working conditions and skills shortages in Ireland's tourism and hospitality sector*

29<sup>th</sup> June 2022

On behalf of the Irish Congress of Trade Unions, and the 800,000 workers we represent across the island of Ireland, I would like to thank the Chair and the Committee for the opportunity to speak to this topic today and highlight the reality of conditions for workers in this sector which Congress has no doubt impacts the availability of skills.

My remarks today are supplemented by our briefing document submitted at the same time as this opening statement.

Data for the tourism and hospitality sector indicates it is characterised by low wages, increased part-time work and precariousness, and along with qualitative research and WRC reports, we can add bad employment practices, breaches of employment law, exploitation, and mistreatment to that list. These facts alone make this sector a challenge for anyone considering applying to work within it, and adding in limited career pathways and progression, to us the reasons for these difficulties facing employers are self-evident.

Whilst current labour force statistics indicate a growth in employment and a shift towards jobs, with on average higher wages, (ICT and financial, insurance and real estate sectors), a recent NERI paper (Feb 2022) suggests shortages in this sector were not as previously indicated (40,000) with employment during Summer 2021 merely 1% below 2019 figures and the Q1 2022 figures indicating a reduction of just 3%, during a time when the sector didn't fully reopen until after week 3.

Improving the realities of working in the sector should be prioritised over perception abroad (as often cited by the industry), where decent conditions, well-paid workers and good career prospects will result in better outcomes for workers and for business. Instead, the sector seems fixated on *"low productivity, low value and low wages, resulting in it being the lowest paid out of 13 sectors ...over half of the workers are classed as low-paid with the entire sector only accounting for 1.8% of Gross Value Added to the Irish economy and 1 in 12 employees"* (**NERI Blog The rhetorical attack on wages has already kicked in – Sept 2021**)

However, in the last 2 years the sector has taken significant state support in tax payers' money for business grants, employee subsidies and continues to enjoy reduced VAT rates, the benefits of which are enjoyed by neither workers nor consumers. Whilst there is acknowledgement of *"record levels of funding for the tourism sector"* by Government in 2022 there seems to be a lack of connection between the working environment and difficulties in recruitment and retention.

It is therefore illogical to allow this practice of state money to continue to subsidise and bolster businesses which ignore state employment legislation by evidence of breaches, disengage from the state's JLC system effectively "vetoing" their operation, and employs workers on low wage and precarious contracts, thus forcing workers themselves to rely on state subsidies in the form of HAP and other social welfare benefits, rather than on earnings alone.

Congress believes that employers who receive state subsidies and public monies should, at a minimum, adhere to all employment legislation, engage in state collective bargaining structures and provide decent sustainable employment terms and conditions.

At a recent hearing of this Committee, Congress notes the industry comment made to “convince school leavers that a viable career path exists in the pub sector”, and that “students will go on to hold senior well-paid positions within the trade”. We would suggest that rather than try to “convince” students of a viable career, that the sector should provide clear data as evidence that bears out that the sector highly values employees through improved wages and terms and conditions and opportunities are created to attain lengthy well-paid careers in the industry.

This Committee should therefore act on the following key recommendations to this end.

### **Strengthen the Joint Labour Committee (JLC) system**

There is a clear urgency to rectify the legislation governing the **JLC** system which has enabled employers to veto the functioning of these committees thus preventing engagement, negotiation and progress. The Committee should support calls to amend this legislation which will afford all stakeholders the opportunity to negotiate best employment practice, prohibit competition on wages and thus prevent a race to the bottom in terms of employment conditions and employee welfare.

Past experience of the JLC system proves that it worked for employers, employees, the reputation and outcomes for the sector.

As a labour-intensive sector, the solution to these problems is not to seek new markets for low paid employees, but quite simply improve the conditions for those providing the services, as all the evidence suggests.

### **Expand the provision of apprenticeships**

The range of regulated apprenticeships should be expanded to provide ongoing development, decent levels of pay and clear career progression which may help eradicate the sector’s current reputation as a low wage and precarious one. The sector should guarantee they deliver decent working conditions and pay commensurate with such qualifications including the most recent **Bar Managers Degree Apprenticeship**.

### **Improve legislative oversight**

The Committee should explore all issues of non-compliance with employment legislation in the sector and ensure;

- the hospitality sector is prioritised for inspection;
- the commitments already made regarding increasing the number of labour inspectors (to 90 personnel) in the **Towards 2016 national agreement** are delivered;
- the WRC increase the number and expand the remit of unannounced labour inspections.

This will no doubt inform further recommendations for action in this area.

### **Improving wages in the sector**

It is particularly important for Ireland to increase wage floors, as the better option of negotiating wages across sectors is neither available through widespread collective bargaining nor through co-ordinated sectoral bargaining systems such as JLCs.

Given the cost-of-living crisis the Committee should press for a shorter implementation of the living wage representing 66% of the median wage, which was the calculation for the NMW back in 2000.

As noted in the briefing document, a significant increase in the minimum wage would have the effect of reducing employer costs such as recruitment, retention and lost productivity costs, thereby also reducing pressure on prices, and if such increases were aligned with consumer spending will help protect enterprises through increased productivity.

Economic commentators have reiterated that increased wages will not fuel inflation further (which is based on fuel costs) and therefore increasing wages will alleviate the danger of workers slipping further into poverty, help address gender inequality and reduce the gender pay gap (given the numbers of women employed in this sector).

Inflation has sky-rocketed with the result that the cost of living has soared for all workers, but has produced particular difficulties for those workers on low and minimum wages, making it much more difficult for them to make ends meet.

### **Implement the EU Collective Bargaining & Minimum wage Directive**

This Committee should support the inclusion of all social partners in the implementation of the EU Directive on Minimum wages and collective bargaining, because as we know wider collective bargaining coverage has a positive impact on wages and terms and conditions and produces excellent labour market outcomes.

### **Inclusive stakeholder engagement**

Congress and affiliates representing workers across the sector should be included as members in all sectoral stakeholder fora such as the *Hospitality and Tourism Forum*, *Failte Ireland's Careers Oversight Group* and any other such fora which might be established into the future in this sector.