

5th June 2020

Ms Aileen Fallon
Clerk to the Committee
Special Committee on Covid-19 Response
Houses of the Oireachtas
Kildare House
Dublin 2

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Dear Ms Fallon

Thank you for extending the request of the Special Committee on Covid-19 Response to make a written submission to the Committee on reopening the economy – the State’s response and support for businesses. The Irish Congress of Trade Unions (ICTU) welcomes the opportunity to outline our views.

In the attached document we focus on a limited number of priorities for ICTU in the reopening of the economy, as the tight timeframe requested does not allow us to give a comprehensive response.

We hope that this helps to inform the members of the Committee and would be happy to address any additional queries that may arise following our submission.

Yours sincerely



Patricia King
General Secretary

pk/es



IRISH CONGRESS OF TRADE UNIONS

**Submission to Oireachtas Special Committee on Covid-19
Reopening the Economy – The State’s Response and
Support for Business**

5th June, 2020

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1. Introduction:

- 1.1 Like no other crisis before it, the coronavirus pandemic has caused unprecedented disruption to our economy.
- 1.2 The ICTU and the trade union movement, representing some 700,000 workers in every sector across the island, have made a substantial contribution towards shaping many of the measures implemented to-date by government to control the spread of the virus and to offset the consequences for households and businesses.
- 1.3 For example, through our engagement in the Labour Employer Economic Forum process, we advocated strongly for a mandatory national protocol to be developed which would spell out the control and preventive measures every employer, worker, contractor, customer and client are obliged to take to reduce the risk against infection in the workplace. Following intense discussions involving ICTU, IBEC, the Health and Safety Authority, the Health Services Executive and the Departments of Health and Business, the Return to Work Safely Protocol was agreed, representing an important milestone and an essential weapon in the war against this dangerous and insidious virus.
- 1.4 Equally, ICTU was first in calling for enhanced Illness Benefit, the Pandemic Unemployment Payment and to submit proposals for the establishment of a Temporary Wage Subsidy Scheme which have helped support workers' incomes and hence consumer demand as well as preserving the connection between many employers and their workers. These supports have also upheld our collective ability to live with the necessary restrictions to protect public health.
- 1.5 As we transition to the stimulus phase, the length and depth of the recession will be determined to a very large extent by the policies that we choose now. Now is also the time to consider the type of economy we want in the long-run. This must be an economy based on the values of solidarity, fairness and equality as well as inclusive, participative and sustainable development. The stimulus, including supports to businesses, must be consistent with these principles.
- 1.6 In the remaining sections we focus on a limited number of priorities for ICTU in the reopening of the economy, as the tight timeframe as requested does not allow us to give a comprehensive response.

2. Reopening the Economy – Safety First

- 2.1 The current lockdown is a global public health emergency of an unprecedented nature. Even so, there is an expectation from most institutional forecasters that economies will be able to return to growth swiftly. However, this projection comes with major caveats. There have never been attempts to shut down and then restart economies on anything remotely like the scale envisaged this year. In addition, we

simply do not know the trajectory of the pandemic over the next year or so and the implications for economic activity.

- 2.2 While the need to prevent large scale permanent job losses and a destruction of productive capacity is a key economic imperative, decisions on the pace of the reopening of the economy must be based on public health advice from the experts on NPHET, together with a risk based assessment of the capacity of each workplace to comply with all of the provisions of the *National Return to Work Safely Protocol*. The price of negligence is too high. There can be no shortcuts or opt-outs. COVID-19 does not discriminate and every worker in every employment is entitled to the full protection of this Protocol.

3. Reopening the Economy – Supports for Businesses

- 3.1 Government must do whatever it takes to preserve the existence of as many vulnerable but viable firms across the economy as possible through the next few difficult months.
- 3.2 There must be no cliff-edge removal of government income and wage supports, having regard for the associated implications for workers' income and hence consumer demand.
- 3.3 Where necessary workers should transition to the Temporary Wage Subsidy Scheme, the fundamental premise of which was to maintain the direct worker link with the employer and expedite and orderly return to work when appropriate.
- 3.4 A well-designed short-time work scheme must also be considered as a way to preserve jobs and skills within businesses that can continue to operate, albeit at reduced levels for safety or other reasons. Such schemes proved effective in Germany and other countries during the 2008 crisis.
- 3.5 Businesses that were commercially viable pre-COVID cannot be saddled with debt that they accrued solely because of their compliance with a lock-down imposed for public health reasons. Such debts would act as a brake on business and a threat to jobs and livelihoods. We must recognise the scale of debts incurred by businesses and households and recognise the need for appropriate debt relief.
- 3.6 All supports to business funded from public money must be transparent and subject to a value for money spending review process.
- 3.7 Direct government grants to businesses must be conditional on a commitment to decent work and to retaining their workforce. We must end the scourge of low pay and precarious work and no longer tolerate bogus self-employment that pervades the sectors hardest hit. Business supports paid out of public money must be linked to trade union access and recognition and full and active participation in national industrial relations machinery: vetoes and opt-outs for statutory bodies such as JLCs are not tenable and never were. We must vindicate the rights of workers by ensuring their voice is heard through access to collective bargaining procedures.

Business supports should also be linked to tackling issues such as aggressive tax avoidance, as some other European countries are doing in their responses to Covid-19, and has been again raised in the EU's draft country specific recommendations to Ireland for 2020/2021 issued on 20 May.

4. Summary of ICTU recommendations:

- a. The State's response in the stimulus phase must be to build a new economic model which puts the values of solidarity, fairness and equality as well as inclusive, participative and sustainable development centre stage. Business supports should be consistent with these principles.
- b. All decisions taken by government on accelerating the reopening of businesses and easing restrictions designed to prevent the spread of COVID-19 must be based on Public Health advice together with a risk based assessment of the capacity of individual employments to fully comply with the provisions of the National Return to Work Safely Protocol.'
- c. Government must continue to engage in real social dialogue with both social partners on measures to protect workers and the public against infection in the workplace.
- d. Government must do whatever it takes to preserve the existence of as many vulnerable but viable firms across the economy as possible through the next few difficult months.
- e. There can be no cliff-edge removal of government income and wage supports. A well-designed short-time work scheme must be considered as a way to preserve jobs and skills within businesses that can continue to operate, albeit at a reduced rate.
- f. We must recognise the scale of debts incurred by businesses and households by the forced closedown and recognise the need for appropriate debt relief to preserve the productive capacity of the economy, jobs and livelihoods.
- g. All business supports funded from public money must be transparent and subject to a value for money spending review process.
- h. Direct government grants must only be available to businesses that commit to decent work and to retaining their workforce.
