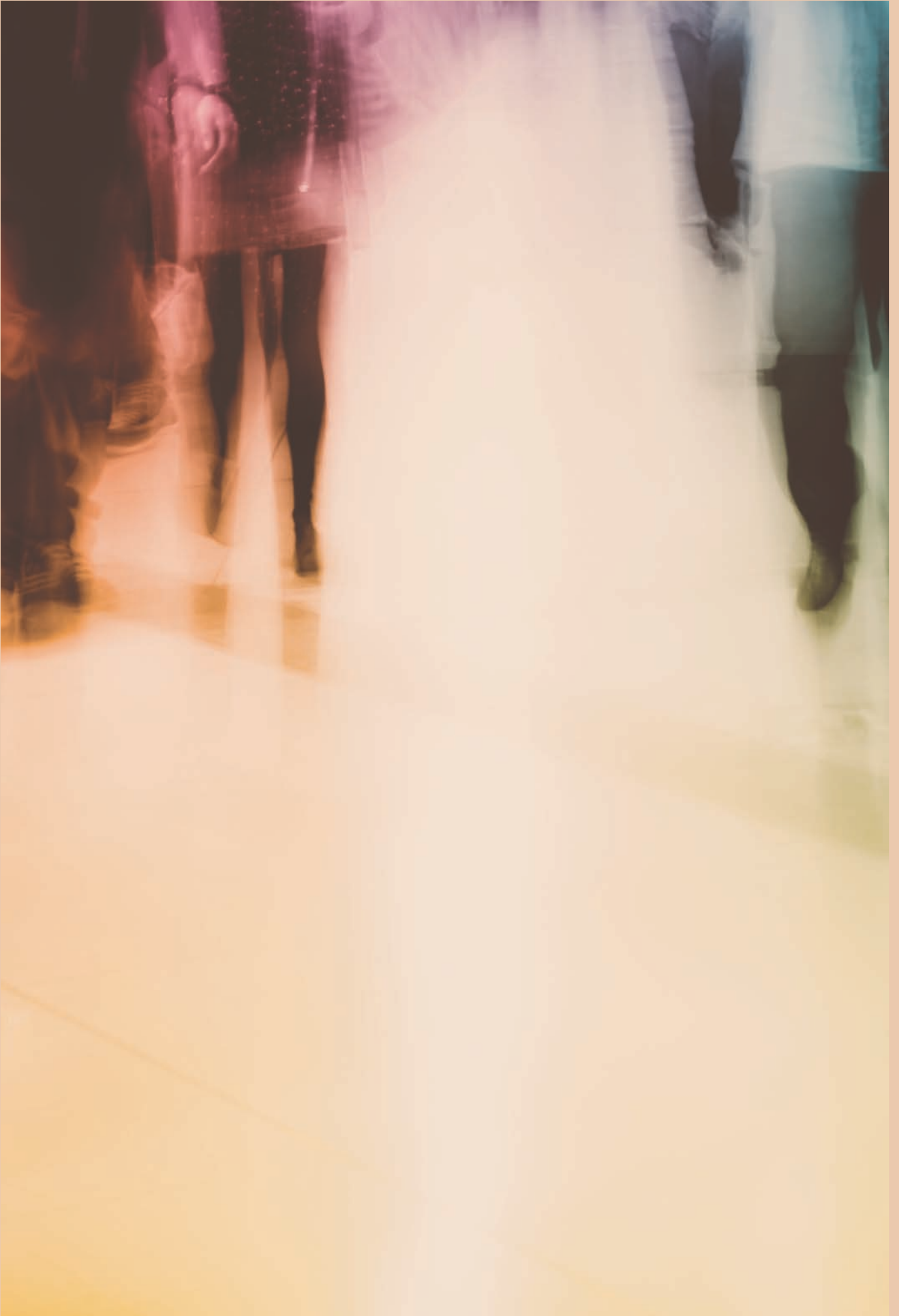




Labour Relations Commission
Annual Report 2011




Labour Relation Commission

Annual Report 2011

Presented to the Minister for Enterprise, Jobs and Innovation
Mr Richard Bruton, T.D.

in accordance with
Section 27(3) of the
Industrial Relations Act, 1990

including the Commission's audited accounts for 2010 and
the unaudited accounts for 2011



Abbreviations and acronyms

ADR	Alternative dispute resolution
CIDT	Construction Industry Disputes Tribunal
CIPD	Chartered Institute of Personnel Development
CSO	Central Statistics Office
ECB	European Central Bank
EMO	Employment Regulation Order
EU	European Union
FDI	Foreign Direct Investment
FRS	Financial Reporting Standard(s)
GPS	Global Positioning System
HSE	Health Service Executive
IBEC	Irish Business and Employers' Confederation
IBOA	Irish Bank Officials' Association
ICTU	Irish Congress of Trade Unions
ILO	International Labour Organization
IMF	International Monetary Fund
IR	Industrial Relations
IRN	Industrial Relations News
IT	Information Technology
IVEA	Irish Vocational Education Association
JIC	Joint Industrial Council(s)
JLC	Joint Labour Committee(s)
LRC	Labour Relations Commission
NEET	Not in Employment, Education or Training
NERA	National Employment Rights' Authority
OPW	Office of Public Works
PMDS	Performance Managed Development System
PSA	Public Service Agreement
QSFA	Quick Service Food Alliance
REA	Regional Employment Agreement
SI	Statutory Instrument
SIPTU	Services, Industrial, Professional, and Technical Union
SME	Small and Medium Enterprise(s)
T2016	Partnership Agreement Towards 2016
TD	Teachta Dála (Member of the Irish Parliament)
VEC	Vocational Educational Committee(s)

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Mission

“To promote the development and improvement of Irish industrial relations policies, procedures and practices through the provision of appropriate, timely and effective services to employers, trade unions and employees.”

Function

The Commission carries out this mission by providing the following specific services:

- an industrial relations Conciliation Service
- an industrial relations Advisory Service
- a Workplace Mediation Service
- a Rights Commissioner Service
- assistance to Joint Labour Committees and Joint Industrial Councils in the exercise of their functions

The Commission undertakes other activities of a developmental nature relating to the improvement of industrial relations practices including:

- the review and monitoring of developments in the area of industrial relations
- the preparation, in consultation with the Social Partners, of codes of practice relevant to industrial relations
- industrial relations research and publications
- organisation of seminars and conferences on industrial relations and human resource management issues



Board and Chief Executive of The Labour Relations Commission 2011

Standing left to right:

Iarla Duffy

nominated to the Board by the Minister,
Member of Audit Committee

Peter McLoone

nominated by the Irish Congress of Trade Unions
(ICTU)

Gerard Barry

nominated to the Board by the Minister,
Chairman of Audit Committee

John Hennessy

nominated to the Board by the Irish Business and
Employers' Confederation (IBEC)

Seated left to right:

Brendan McGinty

nominated to the Board by IBEC

Kieran Mulvey

Chief Executive, Labour Relations Commission,
non-Board Member

Breege O'Donoghue,

nominated to the Board by the Government,
Chairperson

Fergus Whelan

nominated to the Board by ICTU

Meetings of the Board/Senior Management Team

The current Board was established in July 2009 with the appointment of three new Board members, Iarla Duffy, Fergus Whelan and John Hennessy. The term of office of the Board expires on 6 July 2012.

The Board met on eleven occasions in 2011 to discuss and review the Commission's strategy, budget, operational activities, and its business plan and to decide upon areas of Commission policy and corporate governance. The Senior Management Team, consisting of the Chief Executive and the Heads of Divisions meet on a regular basis between meetings of the Board.

The Senior Management Team of the Commission consists of:

Mr Kieran Mulvey

Chief Executive

Ms Freda Nolan

Director of Advisory Services Division

Mr Kevin Foley and Ms Anna Perry

Director and Deputy Director
Conciliation Services Division

Mr Eddie Nolan

Director of Corporate and Financial Services
Secretary to the Board and Audit Committee
Head of the Rights Commissioner Service



The Commission's activities for 2011 reflect another busy year in a period of unprecedented change in the Irish and European economies.

During this period of 'austerity' and the quarterly review/assessment by the 'troika' of the recovery programme the Irish economy has adapted and adjusted to new business and public finance realities.

It has continued this adjustment in a robust manner and has used effectively both the dispute mechanisms built around the Public Service Agreement and the agreed IBEC/ICTU protocol for the private sector. The success of these processes and the utilisation of the Labour Relations Commission and the Labour Court is reflected in the lowest number of disputes and days lost recorded by the Central Statistics Office (CSO) since 1985. Industrial peace and economic stability and growth go "hand in hand" and are essential in building and growing ourselves out of this financial and economic crisis and recession. Inward investment and domestic business growth allied to national confidence requires a stable and positive Industrial Relations environment.

The course of my own professional and business engagements requires me to involve myself in enterprise developments in the United Kingdom, continental Europe and beyond. From my observations in these diverse economies, I am conscious of the competitive challenges with which we are faced in terms of costs, the supply of services, employment legislation, and social security. Quality of product, access to markets and flexible employment practices are key components of our recovery. Of equal importance is the responsiveness of enterprises and Public Service organisations to the customer and to customer/citizen services.

Ireland recognised, at an early stage, the remedial action which was necessary to address many of our employment, public reform and enterprise challenges. I believe and fervently hope that our early remedial action and continuing budgeting policy decisions will lead to a dynamic and vibrant economy, a reduction in unemployment and allied with new education and employment opportunities create an enterprising generation of indigenous and international investment. I have experienced the recessions of the past, and I have observed and participated in our ability to recover and generate the capacity to weather the storms of economic setbacks and reshape and rebuild our country.

In October 2011, the Commission learned of the sad death of its first Chairman, Dan McAuley. Dan steered the Commission through its difficult first three years of existence. His contribution to public life, as Director General of the then Federated Union of Employers, and in many public and private bodies remains as a positive legacy in the annals of Irish Industrial Relations and economic and social development. His contribution as an employers' representative in Europe and in the ILO was enormous and well respected. To his family we extend our deepest sympathies.

With the onset of the new *Workplace Relations Commission*, I believe the Commission itself has played a seminal and innovative role in Industrial Relations. The Board of the Commission has performed a central role, through its representative composition and independence, in guiding and informing the role, conduct and indeed success of our dispute resolution architecture over the last 21 years. It recommends that this role be continued in the new institutional and legislative framework and we commend the Minister, Richard Bruton, T.D., for his commitment to the delivery of the reform programme.

I would wish also to take this opportunity to thank the Minister for his continued support and for meeting the Board to discuss matters of mutual concern and for conveying to the Board, at an early stage, a detailed outline of his reform process. The Board has established a strong and positive working relationship with the new Secretary General of the Department of Jobs, Enterprise and Innovation, John Murphy and we wish him well in his new role in these challenging times. Members of the Board have been heavily involved in the work of the Commission at all levels of corporate and policy areas, and I wish to acknowledge their collective and individual contributions throughout the year.

The Board, would like to thank the Chief Executive, Kieran Mulvey, and his staff for the continued excellence of the quality of their commitment to Public Service and their dedication at all times to the work of the Commission and the interests of their clients.



Breege O'Donoghue

Chairperson

June 2012



Activities in the sphere of industrial relations in 2011 reflected and were influenced by the continuing impact of three key components:

- Decline in domestic economic activity.
- Government budgetary policy.
- Public service agreements and related reforms.

Despite these pressures within the economy, industrial peace was still a feature of the overall economic environment, with only 8 disputes, involving 1,400 workers and resulting in 3,700 days lost – the lowest in almost three decades.

A considerable volume of labour market adjustment is underway in a myriad of workplaces in the private, public and Semi-State commercial sectors and underlines the resilience of employers, Trade Unions, management and employees to respond to the ever changing business environment and in the face of adverse conditions.

I believe also that the structures, relationships and trust which were established in the years of social partnership have helped to sustain a generally positive working and constructive relationship between the national representative social partners. This is reflected in the conduct of Industrial Relations in individual enterprises and Public Services. It has been also a major contributory element both to industrial peace and the willingness to engage on the ever changing business and Public Service reform agenda.

This observation is given specific support by the findings of the Labour Relations Commission sponsored research (published in June 2011) on *Human Resources in the Recession: Managing and Representing People at Work in Ireland*.

The outcome of this 'on-the-ground' analysis in a number of enterprises and services, point to real

management/employee engagement to address pay, production, terms of employment issues, how to adjust to new competitive and market pressures, and cost realities in the private sector. It is evident that unless we restore our competitiveness, we cannot retain the sustainability of existing employment levels and create the conditions for new employment opportunities.

The Foreign Direct Investment (FDI) sector continues to go from strength to strength with significant new investments, however, measures are urgently needed to stimulate growth in the domestic economy.

One of the business issues in need of action is the necessity to address 'the upward rent review only' syndrome which is having a devastating effect upon the retail trading sector and is contributing to job losses, particularly in the Small and Medium Enterprises (SME) services and retail sectors. The cost of fuel, transport, and raw materials is adding to manufacturing costs.

Public Service reform continues apace with the additional announcements by the Government in November 2011 on *Public Sector Reform*. These policy decisions by Government includes a particular 'additionality' to the Public Service Agreement 2010–2014 and without which it would be more difficult to achieve targeted results and outcomes.

Engagement on many of the issues involved in regard to these agreements/reforms involves the services of the Commission. The positive working relationship between the Implementation Body and the Commission and, in turn, with the key constituents has assisted enormously in maintaining the momentum and keeping the level of Public Service reform on track. The Sectoral Implementation Groups and the centralised 'fast track' adjudicative processes are important in achieving finality around re-organisational requirements and their evaluation.

The year 2011 has been one in which significant reforms and reorganisation of the statutory dispute resolution bodies has been initiated by the Minister for Jobs, Enterprise and Innovation, Mr Richard Bruton, T.D.

The level and momentum of this reform process has reached a level where it is now envisaged that effectively the Ministerial proposals and the responses to the 'Blueprint' of April 2012 will lead to new legislation on institutional and procedural changes in late 2012 and with a new *Workplace Relations Commission* in 2013. (Some details of the process, structures and procedures still require clarification and decision.)

The Commission welcomes the broad thrust of these proposed reforms and is supportive of the Minister's endeavours to bring a more unified, efficient, user friendly and structured approach to employment rights investigation, adjudication and enforcement.

The commitment of the Minister to retain both the Conciliation and Advisory Services of the Commission is welcome. Collective bargaining allied to robust voluntary dispute settlement and prevention are key and essential features of good workplace relations and are an important feature of Irish Industrial Relations.

Since its establishment twenty one years ago in 1991, the Commission has been to the forefront of a considerable number of initiatives both in dispute resolution and in building better workplace relationship models. These have been guided by both the applied research undertaken for the Commission and its services and the Strategy Statements issued by the Commission at three yearly intervals.

The Commission has published in 2012 a number of essays by some of the key practitioners and observers of the changes in Industrial Relations and Human

Resource management over the last two decades and the involvement of the Commission in these formative and influential events. The publication is entitled *Recalling 21 years 1991-2012*.

Amid the many current, historic and unanticipated changes, upheavals and uncertainties in the global and European political and social economies, it is still necessary to begin to plan for the form, structure, and quality of the society and economy which we wish to create in Ireland and Europe after the 'austerity era'. It is vitally important that Ireland begins in the interim period to shape and plan for the post-2014 situation.

By the end of 2014, it is expected that the 'troika agreement' will have run its course, that economic sovereignty will have been regained and that the sacrifices made during the period of austerity will have led to a resurgent and fairer society, with a dynamic private enterprise, a restructured financial sector, better regulation and a fit-for-purpose public sector. We cannot allow that prospect to slip into a longer time period. As always, people are an essential element to any organisation, and I want to acknowledge my long-serving colleagues who retired in the past year, John Agnew, Seamus Sweeney, Leo Costello, and Tony Bregazzi, all of whom have given exceptional service both to the Commission and its clients, and to wish them well in future years.

To those who have decided to continue, we will all be working in a newly restructured institutional environment from 2013 onwards. It is up to all of us to make it a success, staff, clients and Government.



Kieran Mulvey
Chief Executive
June 2012.

Chapter 1

Major Developments in 2011

This overview considers Industrial Relations and related developments in 2011. Irish Industrial Relations have been negatively affected by the gravity of the financial and economic crisis. Many workers experienced unemployment or the erosion of pay and working conditions as companies struggled to survive, and there was a marked rise in emigration, with domestic demand for labour diminished. A number of significant political, legal and Industrial Relations developments were evident during 2011, notably the election of a new Government, changes to sectoral wage regulations, and ongoing restructuring affecting the Banking and Finance sector. Economic, labour market and Industrial Relations policy was shaped by a mix of domestic and external contextual conditions (notably factors associated with the financial 'bail-out' by the troika of the European Union (EU), the European Central Bank (ECB) and International Monetary Fund (IMF).

Introduction

There were a number of highly significant political, economic and fiscal developments in 2011, including a general election and the political impact of the fact that Ireland required financial support (referred to generally as a 'bail-out') from the European Union, the European Central Bank and the International Monetary Fund (the 'troika') due to the critical state of the national finances. This had arisen because of the failure of the banking system and the continuing fall-out from the collapse of the so-called property bubble.

The general election on 25 February 2011 led to the formation of the Fine Gael-Labour Party coalition. Fine Gael leader, Enda Kenny, was elected as Taoiseach with Eamon Gilmore, the Labour Party leader, appointed as Tánaiste.

The immediate problems which were faced by the new Government were circumscribed by the fact that the mounting debt problems of the previous year 2010 had forced the previous Government to apply for a €90 billion 'bail out' from the troika. That same Government (Fianna Fáil-Green Party) had also announced a four-year *National Economic Recovery Plan* on 24 November, which was approved as part of the same financial support package for Ireland. This meant that the policy choices open to the new Government in 2011 were limited from the outset. In addition, policy areas such as Industrial Relations, employment and employment law were impacted by the troika, which anticipated reform measures as a *quid pro quo* in return for the bail out.

Key industrial relations & employment law developments

In 2011, there were a number of important Industrial Relations and employment developments which in some cases impacted on pay or working conditions

and, in others, resulted in new legislation or proposed reform measures:

The Protection of Employees (Temporary Agency Work) Bill, 2011

New draft legislation to transpose the European Union (EU) Agency Workers' Directive was retrospective to 5 December 2011. *The Protection of Employees (Temporary Agency Work) Bill, 2011* was published just before Christmas 2011, following the failure of the social partners to agree a derogation which would exempt agency workers on shorter assignments from the equal treatment provisions of the EU Directive from day one. Following the failure of the social partners to conclude a compromise, Ireland had no choice but to adopt the default provisions in the Directive.

The Minister for Jobs, Enterprise and Innovation, Richard Bruton, indicated that the basic working conditions on which agency workers will be entitled to the same treatment as comparable permanent workers were pay, annual leave, public holidays, night work and rest period and breaks. However, working conditions which are not included are sick pay, occupational pension schemes, benefit in kind, financial participation payments and bonus payments.

Sectoral wage-setting mechanisms

Promised new sectoral wage-setting mechanisms was one of the commitments in the troika agreement. The Industrial Relations (Amendment) (No.3) Bill, 2011 set out the procedures to apply in the case of establishing, varying and cancelling both Registered Employment Agreements (REAs) and Employment Regulation Orders (EROs). It also included, for the first time, a detailed process by which individual employers can seek temporary derogation from the sector-level minimum pay and conditions set by both REAs and EROs, on grounds of financial difficulty/inability to pay.

The derogation provisions are identical for both EROs which cover lower-paid sectors and REAs which cover more skilled workers and tend to have higher pay rates. Such exemptions were to be limited to a maximum of 24 months and a minimum of three months, with employers barred from seeking exemptions if they have already been granted an exemption in the case of the same workers in the previous five years.

In a critical and related development in July 2011, the High Court ruled that the issuing of EROs under the 1946 Industrial Relations Act, setting minimum pay and conditions for workers in lower-paid sectors, was unconstitutional. The case arose from a challenge taken by the Quick Service Food Alliance (QSFA) group of fast food operators – a group which includes Subway, Burger King, Supermacs, Abrakebabra and others – against the catering industry ERO for areas outside Dublin. The new legislation on sectoral wage regulation takes this ruling into account.

Reversal of the National Minimum Wage cut

The cut in the national minimum wage from €8.65 down to €7.65, implemented in December 2010 by the previous Government as part of the troika agreement, was reversed by the incoming Fine Gael-Labour Government in early 2011 as part of a pre-election pledge made by both parties.

Commitment on collective bargaining

In a potentially significant development, the new Government promised to reform the law on collective bargaining rights for employees. This followed deadlock on the issue in the wake of a 2007 judgment by the Supreme Court, which had impacted on the original Industrial Relations Acts (2001 and 2004) to the extent that Trade Unions argued it became unworkable, while employers argued that the ruling merely interpreted the legislation correctly.

“We will reform the current law on employees’ right to engage in collective bargaining (the Industrial Relations (Amendment) Act 2011), so as to ensure compliance by the State with recent judgments of the European Court of Human Rights.”

The original 2001 Industrial Relations Act (amended in 2004) grants workers the right to representation and to bargain collectively, but does not provide for union recognition as this is regarded, by majority legal opinion, to be unconstitutional. The Government could decide to draw up rules which provide for worker representative bodies to be sufficiently independent from undue employer influence or control. This would allow for a form of collective bargaining without the need to amend the Irish Constitution, and yet satisfy Trade Union calls for the right to collective bargaining to be enshrined in a practical manner in Irish law.

The Government is mindful also that employer organisations and the State’s job creation agencies would be opposed to any measure which might potentially threaten inward investment by non-union multinationals, especially those originating in the United States.

Merging of Employment Rights bodies

The Minister for Jobs, Enterprise and Innovation, Richard Bruton, announced in July 2011 his intention to reform and merge the State’s various employment rights and Industrial Relations institutions. A key aim of the Minister’s proposals is to create a “new integrated two-tier structure” to replace the five existing employment rights bodies. It was envisaged by the Department of Jobs, Enterprise and Innovation that reform of the existing employment rights bodies would be completed by the end of 2013 and may include an overhaul and consolidation of all employment legislation.

Elaborating on his plans in August, 2011, Minister Bruton said the aim of the reforms were to have one overall body for employment rights issues providing a forum for handling cases on a first-instance basis, with the Labour Court retaining its autonomy as an appellate body. The Minister said that immediate measures would include:

- the establishment of an Implementation Group within the Minister's Department to lead the process;
- a short consultation process with stakeholders on the process;
- a single online form for the Employment Appeals Tribunal, replacing the five forms which had been in use, and
- a shared services drive between the employment rights bodies and the Courts Service.

Public service pension legislation

New Public Service pension legislation in September 2011 cut the long-term pensions' bill by over a third, but was expected to have little effect in the short term. Just over half of the 35% saving on Public Service pensions which will eventually arise from the proposed new legislation would be derived from the career-averaging system. The continuing of the current system would lead to a Public Service pensions' bill of €5 billion in 2050 (in 2010 € terms), implementing the changes in the *Public Service Pensions (Single Scheme) and Remuneration Bill, 2011*, are expected to result in a bill in 2050 of €3.2 billion (in 2010 € terms). Of the €1.8 billion saved, €1 billion would be from moving from a final salary to a career-average basis, €300 million would be from increases in the pension age and €500 million would be from changing the indexing of pensions to the Consumer Price Index, from the current parity link to existing staff.

Social dialogue

The collapse of the centralised social partnership model in late 2009/early 2010 resulted in a considerably diminished role for the social partners. The new Government signalled its intention of developing 'social dialogue' – based on a set of bipartite relationships – and to continue the move away from social partnership, a shift demonstrated in a tangible fashion through the dismantling of tripartite social partnership structures.

The Public Service Agreement, 2010-2014

In the public sector, the Government as employer and the public sector Trade Unions, maintained their national bi-partite agreement on Public Service reform, which was originally negotiated in June 2010 as *The Public Service Agreement, 2010-2014*. This had been achieved under the Chairmanship of the Chief Executive of the Labour Relations Commission (LRC), Kieran Mulvey and the Director of Conciliation, Kevin Foley, assisted by other staff of the Commission. The agreement, known colloquially as the Croke Park Agreement which covers almost 300,000 public servants, incorporates a four-year pay freeze, and commitments by the Government not to implement compulsory redundancies.

In return, Trade Unions agreed a 'transformation' programme, expected to yield major productivity improvements and efficiencies – as well as a broad commitment to maintain industrial peace. Some of the major reform agendas in the agreement include provision for redeployment, acceptance of significant workplace changes and changed working hours. The agreement also serves as a sort of 'enabling agreement' for the new Government's Public Service reform agenda and was linked to the requirements of the EU/ECB/IMF troika agreement.

In a formal review of the Croke Park Agreement published in June 2011, progress made was acknowledged by the Implementation Body of the agreement. The Body said it established that estimated sustainable pay bill savings in the order of €289m had been achieved, “driven primarily by a 5,349 reduction in staff numbers” but it also pointed to other savings such as reductions in overtime costs (down by 5.2%) and pay bill savings “accruing from changed work practices, rationalisation, etc.”.

The Implementation Body also suggested that greater urgency was required in order to achieve further savings and reform over the full four-year timeframe of the agreement. As employee numbers continued to fall, the Implementation Body clearly stated that services - especially to the most vulnerable in society - would suffer “unless changes are made quickly to rosters, staffing levels, work practices and skills mix across all sectors and particularly in health services”.

Overall, the review confirmed that payroll savings exceeded their targets, mainly due to reductions in staff numbers and that services were maintained - and in some cases expanded - due to staff redeployment, workplace reforms and increased productivity.

Private Sector Bargaining

In the private sector IBEC and ICTU in 2011 renewed the Private Sector Protocol for the Orderly Conduct of Industrial Relations in which both organisations reiterated their agreement that the maximisation of sustainable employment is the most important objective to be secured during the economic downturn. The parties remained committed to preserving stability by ensuring that Industrial Relations are conducted in an orderly manner and to serve the primary purpose of protecting jobs. (The protocol was cited in a number of disputes on pay, etc., by the Labour Court in 2011.)

A concern remains, however, regarding the absence of any national tripartite structures to oversee the delivery of industrial peace and stability generally where difficulties arise, particularly in the case of disputes of national importance.

In the private sector, local collective pay bargaining continued to be mediated by way of a private sector protocol, but its rules remained voluntary and informal. The protocol, which dates back to 2010, sets out agreed priorities, such as the maintenance of employment and the need to take commercial and economic factors into account when pay adjustments were being considered. It commits member employers and unions of the social partner bodies to use existing procedures and the State dispute resolution institutions for managing pay disputes.

For the first time since 1987, 2011 saw the emergence of decentralised local pay bargaining, albeit only on a very limited scale. *Industrial Relations News* (IRN) reported on some limited local pay bargaining increases in 2011, mostly in the relatively profitable pharmaceutical, medical devices and food multinational export sectors. Rather than being described as a ‘free for all’ as this form of bargaining was in the 1980s, a much more restrained ‘trend bargaining’ description was being used. Where this occurred, pay increases averaged 2% per annum in the aforementioned profitable sectors.

More generally across the private sector of the economy, however, the pay bargaining norm was primarily one of pay freezes and, to a lesser extent, pay cuts. Given the depth of the economic crisis, with a sharp rise in unemployment to 14.4% and pay cutting in a significant minority of private sector firms, it was evident that a wage bargaining ‘free for all’ was not really on the cards. Rather, what is known as ‘concession bargaining’ was a more common occurrence. This involved employees having to make

concessions on pay and other conditions of employment to employers where this was deemed necessary for survival and to improve growth prospects.

The breakdown of the social partnership model also has meant a diminution of national bargaining on other conditions of employment, such as training and skills, and pensions.

Labour Market Responses

The stringent conditions set by the EU-ECB-IMF bailout influenced Government responses to the recession. The combination of a contraction in employment and falling demand for labour, resulted in unemployment rising rapidly from just over 4% in 2008 to 14.4% by December 2011.

The new Government launched what was termed a multifaceted integrated 'jobs initiative' in May 2011 - details of which are in the following link:
www.finance.gov.ie/documents/pressreleases/2011/mn018jobsinit.pdf

Some of the main economic policy instruments in the new jobs initiative include:

- i) general instruments by national and regional development agencies to continue to attract Foreign Direct Investment by multinationals;
- ii) explicit instruments to assist redundant apprentices and workers in the ailing construction sector;
- iii) from July 2011, a new National Internship Scheme providing 5,000 work experience placements in the private, public and voluntary sectors.

The latter was to be a time-limited scheme and provide work experience placements for interns for a 6- to 9-month period. A weekly allowance of €50 per week on

top of the existing social welfare entitlement was payable. The National Internship Scheme was aimed at graduates and other categories of young people 'Not in Employment, Education or Training' (NEET).

Industrial action

The 3,965 days lost to industrial disputes in 2011 were the lowest annual figure on record since 1985. The annual figure was down 56% from 6,602 days lost in 2010, with the number of annual disputes were down from 14 to 8. Two industrial disputes in the fourth quarter of 2011 – Roadstone Wood, involving 285 workers and EBS, involving 295 workers – brought the fourth quarter figure of days lost to 579, compared with 93 in the third quarter of 2011 and 27 in the fourth quarter of 2010.

The first quarter of 2011 accounted for a majority of the year's 2,451 days lost, with industrial action at Aer Lingus involving 320 workers; at the Davenport Hotel involving 5 workers and Meitheal *Forbartha na Gaeltachta Teo.* involving 10 workers.

The most high-profile and politically significant dispute was in the Davenport Hotel in Dublin, where a strike by a number of union members was triggered over proposed cuts in pay following the initial lowering of the national minimum wage. Hotel management did not recognise the Services, Industrial, Professional, and Technical Union (SIPTU) for bargaining purposes. However, the dispute ended with the help of a binding recommendation by the Labour Court.

The Court told the Davenport to reinstate five workers—who had refused to work new rosters on lower rates—to their contracted rates of pay, having concluded that the employer's actions "were not fair and reasonable" and that the workers should be paid "all the monies" which they would have earned. This dispute was particularly important because it happened

during the general election campaign, with the then future Taoiseach, Enda Kenny—who visited the picket line—reiterating his Fine Gael party's commitment to restoring the national minimum wage to its previous level (see above).

Significant Restructuring Agreements

Significant restructuring and workforce reductions were announced in the **Banking and Finance** sector in 2011. For example, a redundancy package was unveiled in September 2011 for employees of the State-owned Irish Bank Resolution Corporation (formerly known as Anglo Irish Bank) following months of deliberations within the Department of Finance. Anglo's offer was pitched at 4 weeks' base pay per year of service, inclusive of statutory redundancy entitlement, up to a payment cap of €175,000. The package was regarded as highly significant, given that several other redundancy plans in the banking industry were effectively on hold throughout 2011 as the industry—and the various Trade Unions—waited to see what level of payment the Department of Finance would sanction in the banks covered by the State guarantee.

The Anglo terms were within the template laid down by an offer made by the HSE to its staff in late 2010, worth three weeks' pay for each year of service, plus statutory entitlements. This HSE agreement was to become the benchmark for the Government and the Department of Finance for the entire State-guaranteed banking sector.

Some major restructuring agreements were concluded between employers and Trade Unions in the Financial Services sector. Most noticeably, a three-year pay freeze in return for a guarantee of no compulsory redundancies was at the core of an innovative restructuring agreement between FBD Insurance, the

Unite the Union and the Field Staff Association. The agreement included the elimination of pay increments and the introduction of new performance measurement standards. Negotiators believed that the deal transformed the competitive outlook for a company which had been reliant on business in the Republic of Ireland at a time when the economy is being squeezed.

Outside the Banking and Finance sector, a major restructuring agreement was agreed between management and unions at Eircom, the telecommunications company in spring 2011, aimed at removing €92m from the company's cost base over a three-year period. **The Eircom Rescue Plan Framework Agreement** was broken into two distinct phases:

- **Stage One**, dealing with cost recovery measures to be implemented as soon as possible, contains key proposals, including: a pay freeze; a 10% reduction in working time; limits on the accumulation of annual leave; the likelihood of headcount reductions; and an exit/severance package of six weeks' pay per year of service, plus statutory redundancy.
- **Stage Two**, involved proposed modernisation reforms which would be subject to negotiation between the parties, with a view to full implementation no later than 1 July, 2012. These proposed measures include items such as: a review of subsistence rates; the deployment of Global Positioning System (GPS) technology and revised time in lieu arrangements, and a reversion to more traditional overtime arrangements; the examination of a 'Reserve Workforce' model; a competency-based system for selection; compensation for loss of earnings; a possible performance-related bonus scheme; and the establishment of an 'eircom university', in order to "build business critical capabilities and develop employees".

A wage restructuring agreement at one of the country's longest established service companies, Spring Grove Services Ltd., provided an insight into the nature of the competitiveness challenge for some businesses in 2011, and demonstrated how workers will accept falling pay levels in a bid to save their jobs. Members of SIPTU at the Dublin operation of Spring Grove voted to accept a major wage restructuring agreement, which resulted in the basic pay rate for the majority staff category ('production' worker) falling from €10.56 an hour to a new rate of €8.71 an hour.

Other changes included the elimination of a majority of paid breaks, the introduction of a flat rate of overtime (except for Sunday working), and a tightening up of holiday and sick-pay schemes. A limited level of financial recompense was payable in return, as well as a modest severance package for those who wished to leave.

Chapter 1

Strategic Objectives/Action Plan (2011 - 2013)

In the publication of its Strategic Plan in July 2010, the Commission set out the following Strategic Objectives:

- 1. Getting through the recession**
- 2. Developing dispute resolution capacity**
- 3. Focusing on the Employment Rights' Agenda**
- 4. Participating in the Public Service Reform Agenda**
- 5. Promoting dispute resolution prevention and management/employee engagement**

The Services identified the following as issues requiring immediate attention.

The Conciliation Service

- Private sector outlook post Social Partnership.
- Private sector outlook in light of current economic environment.
- Public sector reform and the Croke Park Agreement.
- Potential access by Civil Service and other groups to Conciliation or wide Public Sector involvement.
- HSE environment – integration agenda, the Croke Park Agreement, budget issues.
- Pension issues across the public, private and commercial State sectors.
- Development/maintenance of the Workplace Mediation Service.

The Advisory Service

- Continue to deliver a diffuse range of services.
- Informing, disseminating, and obtaining support for the implementation of the constructive and positive messages and outcomes from its research programmes.
- Meeting the requests for assistance in enterprise/sectoral reviews.
- Workplace Mediation provision
- Other alternative dispute resolution (ADR) initiatives.
- Provision of training programmes.
- Managing the Commission's research programmes

The Rights Commissioner Service

- The extent and degree to which the administrative Human Resources, Rights Commissioner, and Information Technology (I.T.) systems can deal expediently with cases and reduce timeframe/backlog.
- Co-operate in and advocate the necessary changes required to create a singular 'first instance' referral/investigative system for employment rights referrals.
- Assist and co-operate in achieving synergies between the Department and employment rights investigative bodies which avoid overlaps, duplication, 'dispute shopping' and legislative anomalies.
- Restore more client focussed procedures so as to avoid unnecessary scheduling difficulties through regular meetings with major users of the service.
- Continue to analyse the level of case referrals and management in order to identify trends and outcomes so as to inform future policy and legislation change.
- Increase the use of I.T. in order to develop quicker response times and inter-agency co-operation.

The Corporate Services Division

- The effectiveness of the system of financial internal control.
- Payroll, treasury, budgeting, revenue and management accounts processing.
- General procurement and fixed asset management.
- Computer systems controls.
- Legal compliance.
- Business continuity/disaster recovery.
- Business risk and register.
- Ethics compliance
- Board reports and policy documents

How these Strategic Objectives were progressed in 2011

The Conciliation Service

- In 2011, the Conciliation Service, with reduced Human Resource capacity, delivered over 1,700 conciliation conferences with a settlement rate of 84% and a reduced referral rate to the Labour Court of 16%.
- This is not an insignificant achievement against a background of a downturn in the economy and increased pressure for labour cost adjustment, restructuring of work practices and increased focus on pension scheme reform.
- Of particular note is the record low level of disputes (8) and the even lower levels of days lost due to industrial action (3,700 days).
- The increasing level of referrals and involvement under the Public Service Croke Park Agreement has meant that the Commission continues to play a central role in key Public Service reform and reorganisation, involving both universal and sectoral changes in work practices, pay elements, pension reform, and redeployment.
- The loss of two Regional Managers through retirement, who were not replaced, has placed further pressures on the Service and enforced a regional and sectoral reorganisation of officer responsibilities.
- The Conciliation Service has also performed key chairing, facilitation and mediation roles in many key private and public enterprise/services (Health, Education, Civil Service, Prison Service, Construction, Financial Services, Aviation, together with a number of JLCs and JICs).

The Advisory Service

- The key tasks of the Advisory Service in 2011 centred on the provision of Industrial Relations reviews, training and mediation services (in conjunction with the Conciliation Service) and a significant level of applied Industrial Relations and Human Resource research.
- **Training**
Significant levels of training workshops were organised on codes of practice, dispute resolution, preventive mediation for various sectoral groups and individual management and Trade Unions (14 in 2011). This demand has increased in the light of anticipated reforms arising from the new 'Workplace Relations' reforms and demand is expected to increase in 2012.
- **Research**
Four major applied research projects were completed in 2011, including a National Symposium on the outcomes of the joint LRC sponsored and managed *Managing Human Resources in a Recession* (LRC, IBEC, ICTU and the Chartered Institute of Personnel Development (CIPD) publication. (Authors: Professors Bill Roche and Paul Teague)

In addition, a separate Research Paper on *Conflict Management Systems in Multinationals* was presented to the Symposium in February 2011. (Authors: Professor Paul. Teague and Liam Doherty MA).

Maurice Cashell, former Chairman of the LRC, completed the *History of the Rights Commissioner Service* in May 2011, which outlined the growth and achievements of the Service since its establishment in 1969.

In addition, external research was undertaken on 6 primary Acts, under the jurisdiction of the Rights Commissioner Service and the outcome of claims under these particular legislative provisions. This research provided valuable insight on the potential of the Early Resolution Service in streamlining processes and consistency in claim determinations.

This analysis informed also the policy deliberations of the Board in agreeing to launch, at the Ministers request, a pilot Early Resolution Service.

The Board of the Commission decided also to initiate a review of the Commission's 20 years of growth and experience by inviting a number of essays by key practitioners in the period 1991 – 2011. These have now been published in May 2012 and provide an interesting insight on the changing face of Industrial Relations and Human Resource management over the last twenty years and the Commission's involvement in these seminal changes.

The Rights Commissioner Service

- In the last five years (2007–2011) over 58,000 referrals were received by the Rights Commissioner Service. By the first quarter of 2012 accumulated backlogs had been cleared and a significant Action Plan target accomplished.
- The Service for the first time can now process claims received within 48 hours of receipt and provide dates for hearings within 6 weeks.
- Availability of the parties on the first date provided for a hearing still elicits a 16% first response for an adjournment from one or both parties.
- The Rights Commissioner Service in conjunction with the Department of Jobs, Enterprise and Innovation and the other employment rights bodies commenced the process in 2011 of introducing an e-form Rights Commissioner Hearing Application system. As part of the Minister's decision to consolidate the five existing employment rights bodies through, *inter alia*, the creation of a new Workplace Relations Customer Services Unit, based in Carlow, the new e-form, which has replaced the complaint forms previously used by the five bodies, came into use on 3 January 2012.
- The Service is a central part of the future reform process involving adjudication processes under the proposed *Workplace Relations Commission*.
- The Commission has advocated in several of its Strategic Plans for a more user friendly, coherent and unified process of 'first-instance' adjudication and appeal processes. It supports the Minister's reform endeavours in this area.

The Corporate Services Division

- The Commission places the highest priority in relation to matters relating to good governance, budget management and appropriate audit standards.
- The Board and Audit Committee oversees responsibility for all corporate and budgetary matters with regular monthly reports to the Board.
- In 2011, three internal audits were conducted, each being of one week's duration, relating to
 - Financial Controls
 - Procurement / Fixed Assets
 - Computer Systems Control.
- During the year, separate internal 'value-for-money' reviews took place on room-hire costs for Rights Commissioner conferences and travel and subsistence. Reviews are in progress on a Code of Conduct for Rights Commissioners and a revised overall Code of Governance for the Commission for both Board and staff.
- The Board approved the Disaster Recovery and Business Continuity Plan and Risk Management Policy. The Audit Committee Charter was updated and approved by the Board in January 2012.
- A prompt payment to suppliers, involving over 1,400 payments, of 100% was achieved by year end 2011 in accordance with Government Policy, *i.e.* payment within 15 days of receipt of invoice.
- The major outstanding matter by year end was the procurement of a new internal financial management /accounting system. This project requires Departmental and centralised services approval and may now be overtaken by the reform programme for the Dispute Resolution Bodies and the structure/functions of the proposed *Workplace Relations Commission*.



Chapter 2

Labour Relations Commission Services

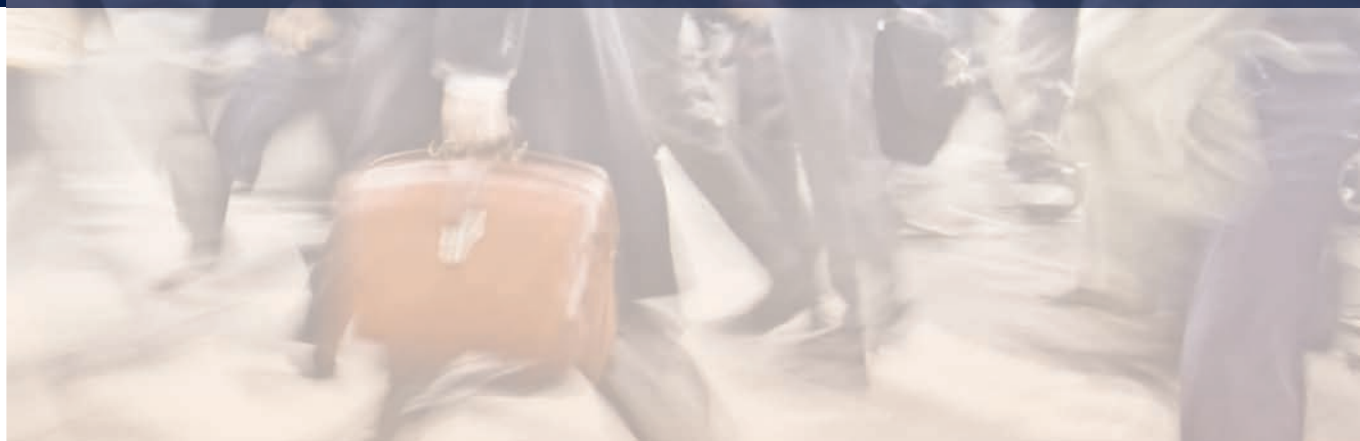
- **Corporate Services and Board**
- **Conciliation Service**
- **Advisory Service**
- **Rights Commissioner Service**

Summary of Costs of Providing the Services

The following table provides a summarised breakdown of the unaudited expenditure per Division during 2011. The figures are reflective of actual spend and do not incorporate adjustments, such as depreciation, that might be applicable and subsequently agreed in the course of formal audit and final presentation of the accounts for the period. The process of finalising the audit of the Commission's accounts for 2011 is well advanced at this time of writing. The audited accounts will be published when the Comptroller and Auditor General has completed the annual review and issued the relevant certification.

Breakdown of Summary Costs across Divisions

	Administration	Board	Conciliation	Advisory	Rights Commissioners	Total
Salaries	332,733	0	1,172,430	366,913	710,627	2,582,703
Fees	0	92,340	0	0	1,284,719	1,377,059
Travel & Subsistence	16,350	4,455	86,616	15,905	160,254	283,580
Rental of Meeting Rooms	0	0	0	0	123,354	123,354
Stationery, Supplies, Comms	19,710	0	82,782	15,768	78,838	197,098
Research	0	0	0	14,280	0	14,280
Utilities, Operations & Maintenance	43,033	0	79,823	14,248	89,480	226,584
Consultancy and Professional Fees	62,653	0	3,662	0	19,808	86,123
Printing, Training	19,763	0	10,500	10,682	0	40,945
Total	494,242	96,795	1,435,813	437,796	2,467,080	4,931,726
% of Total (rounded figures)	10%	2%	29%	9%	50%	100%



Advisory Service Overview

The Advisory Service is focused upon working with employers, employees and Trade Unions in order to develop positive Industrial Relations practices, structures and procedures. Its primary objective is to help build and maintain positive working relationships and effective prevention and dispute resolution mechanisms in the workplace. The Service can advise and assist on any aspect of Industrial Relations in Irish workplaces. The Service operates from the premise that all disputes, be they collective or individual, are best resolved within the workplace, and the assistance it offers is very much focussed around enhancing the capacity of organisations and their employees to manage relations 'in house' and effectively their Industrial Relations.

Services Delivery

While assistance is customised to the particular needs of each workplace, the type of assistance offered can be categorised as follows:

- **Training**

The delivery of training on a variety of aspects of the employment relationship is a key element of the Service's remit in order to enhance Industrial Relations capacity building in Irish workplaces by delivering proactive dispute preventative programmes.

The Service has developed and continues to deliver a variety of programmes around workplace procedures – Grievance, Disciplinary and Dignity, Communications and Consultation, the Negotiation Process and support in the management of workplace change generally. Programmes are tailored to suit the requirements of individual organisations, both large and small, in the private and public sectors.

The focus of the training programmes provided by the Commission, which are delivered on site by our team of experienced practitioners, is to enhance the capability of workplaces and their employees to develop and operate effective Industrial Relations processes and procedures.

- **Industrial Relations Reviews**

Reviews of Industrial Relations involve an in-depth assessment of Industrial Relations in workplaces with a view to identifying problem areas, making recommendations around improved practices and procedures, and working with all concerned to implement improvements. A typical review could involve a number of information gathering processes including individual interviews/questionnaires, email surveys and focus groups. The key object in a typical review is to identify accurately problem areas and to work with all concerned to develop effective remedies.

- **Joint Working Parties**

A Joint Working Party is a joint management/employee process facilitated by the Service so as to implement recommendations made arising from a review of Industrial Relations. The process is designed to give all those concerned a direct involvement in developing mutually acceptable solutions to their difficulties.

- **Facilitation**

The Service provides a facilitation service focussed around a variety of workplace issues including the implementation of work practice change and the development of improved workplace procedures. The focus of the facilitation service is to assist the parties to reach mutually acceptable solutions.



- **Voluntary Dispute Resolution**

The Service facilitates the procedure prescribed in the Code of Practice on Voluntary Dispute Resolution (Statutory Instrument (SI) 76 of 2004) which provides a framework for the processing of disputes arising in situations where collective bargaining is not in place.

- **Workplace Mediation**

Workplace mediation is delivered by a joint Advisory and Conciliation Service team. Overview and details are outlined under Conciliation Service activity.

Research

The service is responsible for the Commission's remit to conduct research into matters relevant to Industrial Relations and to review and monitor relevant developments in Industrial Relations generally. In this regard, the following activity took place during the period:

- **Managing HR in a Recession (Bill Roche/Paul Teague)**

This research project was focussed around the experiences of organisations in managing their businesses in the recession and identifying Human Resource management/Industrial Relations themes in that regard.

The project was completed during the period and was formally presented at the LRC- hosted Symposium which took place on 23 February 2011. The project was published in book format and became available for sale from the Government Publications Sales Office in July 2011. An executive summary is available on the Commission's website.

- **Conflict Management Systems (Paul Teague/Liam Doherty)**

The findings from a research project around conflict

management systems in subsidiaries of non-union multinational organisations located in Ireland were formally presented at the LRC-hosted Symposium which took place on 23 February 2011. The findings are available on the Commission's website.

- **History of the Rights Commissioner Service (Maurice Cashell)**

This publication was formally launched by Minister Richard Bruton, T.D., on 26 May 2011.

- **Publication to mark the 21st Anniversary of the LRC**

The work around this publication, edited by Brian Sheehan, was completed during the period and was published in early 2012

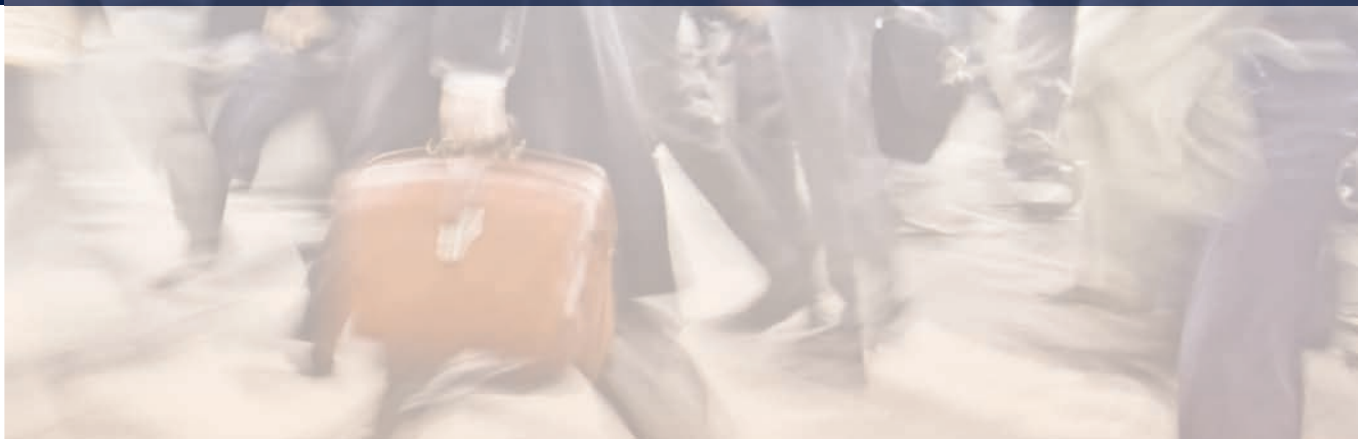
- **Rights Commissioner Research Project**

This research project comprised an analysis of a sample number of claims, under 6 Acts, concerning alleged breaches which were brought before Rights Commissioner Service in 2011. The object of the project was to look at referrals in terms of the breaches of employment law which most often present for resolution and the pattern of decisions/recommendations by the Rights Commissioners in such cases. The research was completed in 2011.

2011 Activity Breakdown/Resources

Project Type	Project Number
SI 76	7
Facilitation	24
IR Reviews	11
Joint Working Parties	6
Training	14

Note: the project number figure relates to the actual projects and not to the number of meetings.



“To provide an impartial, timely and effective Conciliation Service operating to a continually high standard in both the public and private sector”

The Division focussed in 2011 on providing a timely delivery of a flexible, responsive service designed to meet the needs of parties in dispute or with issues to resolve in Irish workplaces. The primary value and function of the service is to be available so as to provide a high quality resource at the appropriate moment in any given dispute situation. The delivery of that high quality service was the challenge met in 2011 by the Division’s team of experienced conciliators and support staff.

Activity Summary 2011		
Category	Total to end of December 2011	Total to end of December 2010
Conciliation		
Referrals	1,155	1,193
Conferences	1,532	1,783
Other Meetings (Facilitation, CIDT, JLC’s, Mediation etc.)	191	142
Total number of meetings	1,723	1,925
Labour Court Referrals	180	217
Mediation		
Referrals	45	38
Meetings (including Advisory Staff)	100	105

The number of the Commission’s Conciliators fell from 13 at the beginning of the year to 11 during the year with the non-replacement of two departing officers, Mr Seamus Sweeney and Ms Maedhbh Cronin.

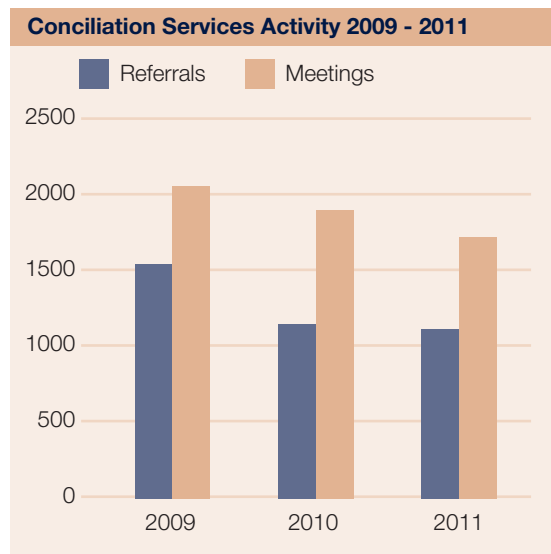


Referrals to the Labour Court 2011

There were 180 referrals to the Labour Court in 2011. Some 37 cases (21% of all cases referred) involved less than 5 employers were referred to the Labour Court.

- 24 cases in the public sector
- 13 in the private sector

Fourteen of the above cases involved one (1) worker only and represented 8% of all cases referred.



The Conciliation Service referred 180 disputes to the Labour Court in 2011 and achieved a settlement rate at conciliation in the year of 84% of all disputes referred to it, which compared with 82% in 2010, a rate which was well up with the levels achieved in previous years. A considerable amount of the activity delivered by the service was in assisting parties with issues arising in the course of implementation of the Public Service Agreement 2010–2014 and the general Industrial Relations implications of reductions in public spending and efforts to achieve increased cost efficiencies.

The Service also assisted in dispute resolution in a very broad range of industries throughout the economy with many cases involving cost-cutting rationalisation proposals and pay reductions. With the Partnership Agreement Towards 2016 (T2016) agreements having come to an end, there was also a resumption of some local level bargaining on pay in employments with ability to pay.

The number of referrals to conciliation in 2011 was 1,155. This was a marginal fall from 1193 in 2010 probably reflecting the on-going difficult economic environment. The number of conciliation conferences fell from 1,783 in 2010 to 1,532 in 2011. The proportion of conferences to referrals is a function of a number of factors including the complexity and difficulty of cases and the high level conciliation input required in rationalisation/cost reduction disputes.

Chairing of Negotiating Fora

The Division provides Chairpersons to a range of negotiating fora. During 2011 the Division chaired the Health Service National Joint Council, the Teacher's Conciliation Council, the Civil Service Implementation Group, the Prison Service Conciliation and Monitoring Forum, the Institutes of Technology Negotiating Forum, the Contract Cleaning, Hairdressing and Retail Grocery JLC's and the Construction, Electrical Contracting, Printing, State Industrial JIC's.

Irish Vocational Education Association (IVEA) Appeals Procedures - Grievance Stage 4 Appeals

In 2010, the Commission agreed to a joint request from the unions and management in the Vocational Education Committee (VEC) Sector to appoint one of its officers to act as Independent Appeals Officer for Stage 4 grievances for staff not covered under the Industrial Relations Act. In 2011, the Commission heard three new appeals under the Grievance Procedure and concluded several more which had commenced in 2010.

IVEA Appeals Procedures - Stage 3 Appeals under Bullying, Harassment, Sexual Harassment Codes

In 2010, the Commission also agreed to appoint one of its officers to act as Independent Appeals Officer under the provisions of the Codes of Practice for Dealing with Complaints of Bullying, Harassment, Sexual Harassment in VEC Workplaces. In 2011, the Commission received one appeal under the Code.

Construction Industry Disputes Tribunal

The parties to the Construction Industry's Registered Employment Agreement have developed a Construction Industry Disputes Tribunal (CIDT) to cater for the particular needs of the sector. The Tribunal is chaired by officers of the Conciliation Services Division. The administration of the Tribunal is also undertaken by the service. During 2011, a total of 37 cases were referred to the Tribunal of which 13 cases were assigned for a full Tribunal hearing and 5 were withdrawn. In the remainder of cases, no agreement was found between the parties to attend a hearing of the Tribunal.

The Workplace Mediation Service

This service is delivered by a team of mediators drawn from the Conciliation and Advisory Services and managed by the Conciliation Service. During the period 2011, a total of 45 referrals were received, up from 38 referrals in 2010. Some 25 referrals were received from the public sector and 20 from the private sector.

A total of 100 mediation meetings were held, as compared with 105 in 2010. The vast majority of cases concerned individual employees, with a minority involving small groups of employees. Typical issues arising in cases referred for mediation include matters around interpersonal work place relationships and around grievance and disciplinary procedures generally.

Health Sector Affirmation /Adjudication Process

The Conciliation secretariat service provides an administrative role in terms of the affirmation /adjudication process for the HSE and the parties attached to the Health Sector Agreement of the Public Service Agreement (PSA) 2010-2014. This service was

established to act as the focal point for referral of unresolved matters which fall under paragraphs 2.9.12, 2.9.13, 2.9.14, and 6.1 respectively of the Health Service Redeployment protocol.

This is an administrative function which involves the organisation and distribution of cases to the team of adjudicators. During 2011, a total of 17 referrals were received which required the organisation of 48 hearings involving approximately 400 staff throughout the country.

Training inputs provided by the Conciliation Service 2011

Responsibility for the co-ordination of the Commission's support for stakeholders through the delivery of tailored training programmes is with the Advisory, Research and Information Division and officers of the Conciliation Service continued to participate in this work during 2011.

In addition, however, the Conciliation Services Division continued to respond to requests and opportunities to promote the work of the Division by providing speakers and facilitators to client training programmes with a focus on the process of conciliation and its value as a dispute resolution tool.

Officers of the Division presented at training courses organised for recently appointed shop stewards as well as full time officials involving both SIPTU and MANDATE. This also extended to presenting at training programmes organised by Tesco Ireland, the Communication Workers' Union, the Irish Bank Officials' Association (IBOA), the Dublin Archdiocese, the Association of Community and Comprehensive Schools and the IVEA representing the VEC sector.

The Conciliation Service also supported the work of the ILO through the provision of training in Dublin for conciliators and arbitrators from South Africa, Bosnia-Herzegovina and Montenegro on the peaceful resolution of industrial disputes. In addition, at the request of the ILO, the Service delivered training programmes in Bosnia.



Rights Commissioner Service Overview

The Rights Commissioner Service, an independent group of industrial relations experts within the Labour Relations Commission, was set up in 1970 to resolve disputes involving individuals and small groups of workers on day-to-day industrial relations issues. Over the past forty years the focus has shifted to complaints being brought by more and more workers under a substantial and growing volume of labour law. The Commissioners are competent and experienced men and women drawn from trade union and business circles, with considerable knowledge of labour law and with experience of dispute resolution in the workplace. The approach of the Service, now as in 1971, is to seek to address problems in ways that are speedy, non-legalistic and solution-oriented.

There was an unprecedented level of Referrals to the Service in the last decade (2001–2011). Some 9,206 referrals were received in 2011. This volume of referrals presented a major challenge, particularly, from data entry to the scheduling of meetings and to recommendation stage.

With the assistance of staff from within the other Divisions of the Commission, and in particular, staff of the National Employment Rights' Authority (NERA), the situation was eventually brought back to a satisfactory level. At the end of 2011 an offer of a first Hearing for Referrals was in the region of about 6–8 weeks, inclusive of the statutory 3-week 'holding' provided for in legislation, generally.

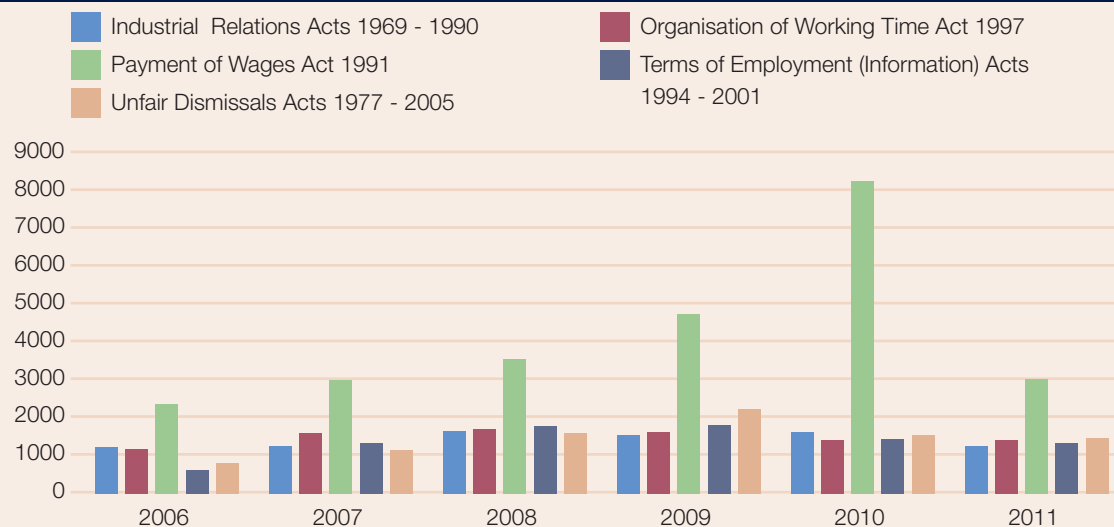
While work progressed in dealing with the volume of the caseload on hand, the Staff of the Service were also required to participate in the various working groups which had commenced tasks associated with the initiative to implement a streamlining of the work of the various Employment Rights bodies. These activities included, in particular, the introduction of a new composite electronic single complaint form, a restructuring of the initial management of referrals on receipt and the updating of the Commission's website. The objectives of these projects were achieved by the end of 2011.

The level of adjournment requests continues to be a matter for ongoing attention. The Service has initiated a process of dialogue with the key Users and Practitioners with a view to seeking an improvement in this aspect of activity.

In December 2011, Tony Bregazzi, Rights Commissioner, retired after many years of service. The Commission was assisted considerably by Mr. Bregazzi during his period of office. The number of Commissioners now stands at 14 operating to various patterns of agreed attendance, e.g. 5-day or 4-day week availability.

In common with other Public Service employments, a general moratorium on staff recruitment has had an impact the Service at various levels, including at operational management level.

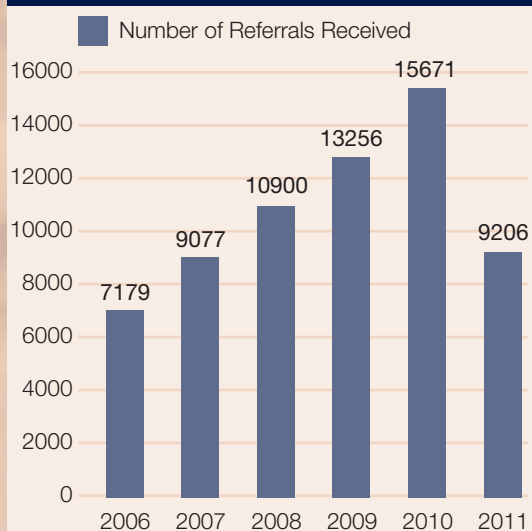
Referrals Received by Act



Statistics on Referrals Received by Act

	2006	2007	2008	2009	2010	2011
Industrial Relations Acts 1969-1990	1,172	1,182	1,470	1,521	1,542	1,143
Organisation of Working Time Act 1997	1,087	1,541	1,516	1,577	1,396	1,288
Payment of Wages Act 1991	1,875	2,275	2,961	3,540	4,681	8,266
Terms of Employment (Information) Acts 1994-2001	711	1,295	1,722	1,812	1,514	1,233
Unfair Dismissals Acts 1977-2005	889	1,038	1,566	2,110	1,588	1,355

Number of Referrals Received



Statistics on Referrals Received

2006	7,179
2007	9,077
2008	10,900
2009	13,256
2010	15,671
2011	9,206

Community Employment Schemes (2011)

Referrals received	938
Number of employers	94

Banks (2010/2011)

Referrals received	2,750
Number of employers	2

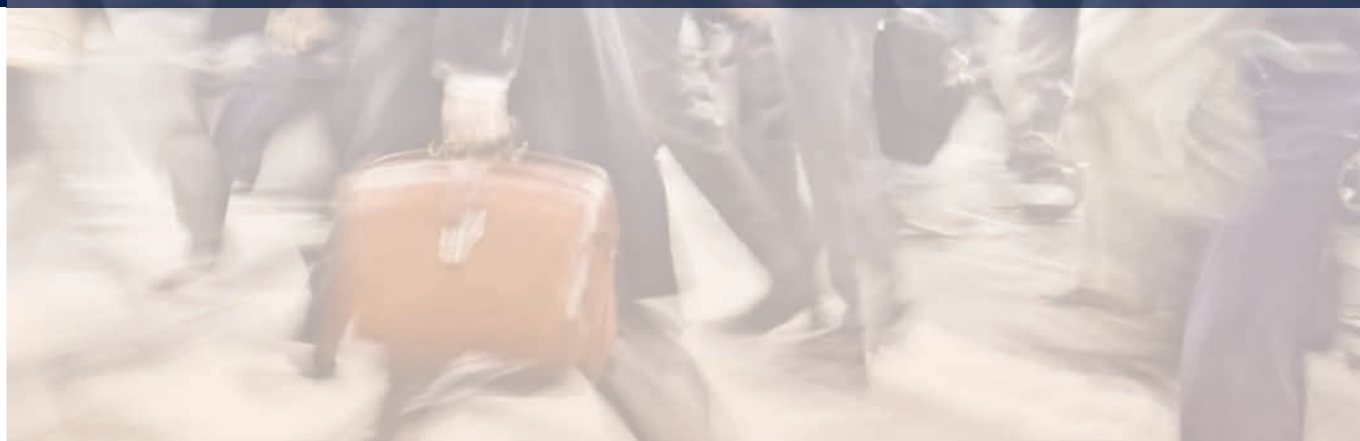
General Multiples (2011)

(Cases where more than 15 Referrals submitted for 1 Employer)

Referrals received	3,116
Number of employers	39

Listing of the EU Directives, the Acts and the Regulations under which Rights Commissioners have a function

1. Industrial Relations Act, 1969 (No. 14 of 1969)
2. Industrial Relations Act, 1976 (No. 15 of 1976)
3. Unfair Dismissals Act, 1977 (No. 10 of 1977)
4. Industrial Relations Act, 1990 (No. 19 of 1990)
5. Payment of Wages Act, 1991 (No. 25 of 1991)
6. Unfair Dismissals (Amendment) Act, 1993 (No. 22 of 1993)
7. Terms of Employment (Information) Act, 1994 (No. 5 of 1994)
8. Maternity Protection Act, 1994 (No. 34 of 1994)
9. Adoptive Leave Act 1995 (No. 2 of 1995)
10. Maternity Protection (Disputes and Appeals) Regulations, 1995 (S.I. No. 17 of 1995)
11. Protection of Young Persons (Employment) Act, 1996 (No. 16 of 1996)
12. Organisation of Working Time Act, 1997 (No. 20 of 1997)
13. Parental Leave Act, 1998 (No. 30 of 1998)
14. Protection for Persons Reporting Child Abuse Act, 1998 (No. 49 of 1998)
15. Parental Leave (Disputes and Appeals) Regulations, 1999 (S.I. No. 6 of 1999)
16. National Minimum Wage Act, 2000 (No. 5 of 2000)
17. National Minimum Wage Act, 2000 (Commencement) Order, 2000 (S.I. No. 96 of 2000)
18. National Minimum Wage Act, 2000 (National Minimum Hourly Rate of Pay) Order, 2000 (S.I. No. 95 of 2000)
19. National Minimum Wage Act, 2000 (National Minimum Hourly Rate of Pay) (No. 2) Order, 2000 (S.I. No. 201 of 2000)
20. European Communities (Protection of Employment) Regulations, 2000 (S.I. No. 488 of 2000)
21. Carer's Leave Act, 2001 (No. 19 of 2001)
22. Protection of Employees (Part-Time Work) Act, 2001 (No. 45 of 2001)
23. Competition Act, 2002 (No. 14 of 2002)
24. Protection of Employees (Fixed-Term Work) Act 2003 (No. 29 of 2003)
25. European Communities (Protection of Employees on Transfer of Undertakings) Regulations 2003 (S.I. No. 131 of 2003)
26. National Minimum Wage Act 2000 (National Minimum Hourly Rate of Pay) Order 2003 (S.I. No. 250 of 2003)
27. Industrial Relations (Miscellaneous Provisions) Act 2004 (No. 4 of 2004)
28. Maternity Protection (Amendment) Act 2004 (No. 28 of 2004)
29. Safety, Health and Welfare at Work Act 2005 (No. 10 of 2005)
30. National Minimum Wage Act 2000 (National Minimum Hourly Rate of Pay) Order 2005 (S.I. No. 203 of 2005)
31. Adoptive Leave Act 2005 (No. 25 of 2005)
32. Competition (Amendment) Act 2006 (No. 4 of 2006)
33. Employees (Provision of Information and Consultation) Act 2006 (No. 9 of 2006)
34. Parental Leave (Amendment) Act 2006 (No. 13 of 2006)
35. Employment Permits Act 2006 (No. 16 of 2006)
36. National Minimum Wage Act 2000 (National Minimum Hourly Rate of Pay) Order 2006 (S.I. No. 667 of 2006)
37. European Communities (Organisation of Working Time) (Mobile Staff in Civil Aviation) Regulations 2006 (S.I. No. 507 of 2006)
38. European Communities (European Public Limited-Liability Company) (Employee Involvement) Regulations 2006 (S.I. No. 623 of 2006)
39. Protection of Employment (Exceptional Collective Redundancies and Related Matters) Act 2007 (No. 27 of 2007)
40. Consumer Protection Act 2007 (No. 19 of 2007)
41. Health Act 2007 (No. 23 of 2007)
42. European Communities (European Cooperative Society) (Employee Involvement) Regulations 2007 (S.I. No. 259 of 2007)
43. European Communities (Occurrence Reporting in Civil Aviation) Regulations 2007 (No. 285 of 2007)
44. Chemicals Act 2008 (No. 13 of 2008)
45. Charities Act 2009 (No. 6 of 2009)
46. National Asset Management Agency Act 2009 (No. 34 of 2009)
47. Labour Services (Amendment) Act 2009 (No. 38 of 2009)
48. European Communities (Working Conditions of Mobile Workers Engaged in Interoperable Cross-border Services in the Railway Sector) Regulations 2009 (S.I. No. 377 of 2009)
49. Inland Fisheries Act 2010 (No. 10 of 2010)
50. Prevention of Corruption (Amendment) Act 2010 (No. 33 of 2010)
51. Financial Emergency Measures in the Public Interest Act 2010 (No. 38 of 2010)
52. National Minimum Wage Act 2000 (Section 11) Order 2011 (S.I. No. 13 of 2011)
53. *Industrial Relations Act, 1946 (No. 26 of 1946)*
54. *Central Bank (Supervision and Enforcement) Bill 2011 Committee Stage Sn35*



Corporate Service Overview

The office of Director of Corporate Services is a shared post incorporating responsibility for matters pertaining to the maintenance of the premises (Tom Johnson House and Lansdowne House) and related services, compliance with all requirements arising within the financial and corporate governance areas, acting as Secretary to the Board as well as Secretary to the Audit Committee. In these tasks, the Director is assisted by one Higher Executive Officer and two Executive Officers. The Director is also Head of the Rights Commissioner Service.

Board Meetings

There were eleven meetings of the Board in 2011.

Board member attendance during the year was as follows:

Ms Breege O'Donoghue	11
Mr Brendan McGinty	10
Mr Fergus Whelan	10
Mr Gerard Barry	11
Mr Iarla Duffy	10
Mr John Hennessy	11
Mr Peter McLoone	11

Business Plan 2011

The Board approved the Business Plan for the Commission services in 2011 and reviewed the interim progress and final outcomes in July and December, respectively.

Code of Practice for the Governance and Conduct of the LRC

The Board applies procedures in accordance with the Code of Practice for the Governance of State Bodies. In addition, the Board and Commission have acted in accordance with the terms of the Organisation's own 'Code of Practice for the Governance and Conduct of the LRC'.

Audit Committee

The Audit Committee met on 8 occasions in 2011. The role of the Audit Committee, as part of the ongoing systematic review of the control environment and governance procedures within the Commission, is to report to and advise the Accounting Officer and the Board on internal control matters. The Internal Audit function is outsourced to an independent practitioner and her proposed Audit plans are considered and approved by the Committee as required and in the context of a structured programme of activity which ensures that every relevant aspect of Commission activity is examined over a predefined timescale.

In its consideration of Audit plans the Committee is always mindful of developments such as updated Guidelines on Corporate Governance, best practice and the related increasing range and detail of compliance obligations on both the Organisation and individual Management Personnel as new legislation, regulation and codes of practice are enacted.

The Audit Committee having considered relevant reports from the Auditor, the Committee concluded that there was an effective system of internal controls in operation in the Commission.



Ethics in Public Office

All Board members, Rights Commissioners and relevant Officers of the Commission completed the appropriate returns under the Ethics in Public Office Acts, as required.

Performance Managed Development System (PMDS)

The Commission is committed to ensuring that best practice is employed in the delivery of all aspects of the PMDS so as to enhance the development of its staff and to ensure a pathway for constructive two-way communication is in place. Role Profiles and Interim Reviews were completed in a timely fashion for all staff members of the Commission. The provision of upward feedback is encouraged as a feature of the process. The Commission will fully play its part in ensuring that imminent improvements and enhancements to the process will be supported.

Prompt Payments of Accounts

The 15-day prompt payment rule was extended to include the Health Service Executive, the Local Authorities, State Agencies, and all other Public Sector Bodies, (with the exception of the commercial semi-State bodies). The new arrangement applies in respect of valid invoices received on, or after, July 1st. 2011. Since then, to the end of 2011, the Commission has received and recorded 729 invoices. Relevant details, as required under the new rules, are published on the Commission's website.

Commission's Annual Accounts 2011

The unaudited accounts for 2011 are included in this Report. The process of examination of the accounts had not commenced at the time the publication of this Report was being finalised. The submission of the Audited Accounts to the Minister and the process of laying the Accounts before the Oireachtas will be completed as expeditiously as possible once the auditing procedures and the Report of the Comptroller and Auditor General are concluded.

Chapter 3

Financial Statements 2010

For the year ended 31 December 2010

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Statement of Responsibilities of the Commission

For the year ended 31 December 2010

Section 31(1) of the Industrial Relations Act 1990 requires the Commission to prepare Financial Statements in such form as may be approved by the Minister for Enterprise, Trade and Innovation after consultation with the Minister for Finance. In preparing those statements, the Commission is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Commission is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Commission and which enable it to ensure that the Financial Statements comply with Section 31(1) of the Act. The Commission is also responsible for safeguarding the assets of the Labour Relations Commission and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chairperson
Date: June 23rd, 2011



Commission Member
Date: June 23rd, 2011

For the year ended 31 December 2010

Responsibility for the System of Internal Financial Control

As Chairman, I acknowledge the responsibility of the Labour Relations Commission for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Commission has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining management responsibilities and powers
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the Commission
- Developing a culture of accountability across all levels of the Commission

The Commission has established procedures to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the Commission including the extent and categories which it regards as acceptable
- Assessing the likelihood of identified risks occurring - a risk register is in place
- Assessing the Commission's ability to manage and mitigate the risks that do occur
- Assessing the costs of operating particular controls relative to the benefit obtained

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular, it includes:

- A comprehensive budgeting system with a monthly budget which is reviewed and agreed by the Commission
- Regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined purchasing and approval guidelines
- Formal project management disciplines.

The Commission employed a consultant, on a contract basis, as internal auditor to conduct a review of the effectiveness of the system of internal controls.

The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit Committee, the executive managers within the Commission who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that for the year ended 31 December 2010 the Commission conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Labour Relations Commission



Breege O'Donoghue
Chairperson
Date: 22 June 2011

Report of the Comptroller and Auditor General for presentation to the Houses of the Oireachtas

I have audited the financial statements of the Labour Relations Commission for the year ended 31 December 2010 under the Industrial Relations Act 1990.

The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes.

Respective Responsibilities of the Commission and the Comptroller and Auditor General

The Commission is responsible for preparing the financial statements in accordance with the Industrial Relations Act 1990, and for ensuring the regularity of transactions. The Commission prepares the financial statements in accordance with Generally Accepted Accounting Practice in Ireland. The accounting responsibilities of the Members of the Commission are set out in the Statement of Responsibilities of the Commission.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report my opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland. I also report whether in my opinion proper books of account have been kept. In addition, I state whether the financial statements are in agreement with the books of account.

I report any material instance where moneys have not been applied for the purposes intended or where the transactions do not conform to the authorities governing them.

I also report if I have not obtained all the information and explanations necessary for the purposes of my audit.

I review whether the Statement on the System of Internal Financial Control reflects the Commission's compliance with the Code of Practice for the Governance of State Bodies and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements. I am not required to consider whether the Statement on the System of Internal Financial Control covers all financial risks and controls, or to form an opinion on the effectiveness of the risk and control procedures.

Basis of Audit Opinion

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures and regularity of the financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

For the year ended 31 December 2010

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Commission's affairs at 31 December 2010 and of its income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by the Commission. The financial statements are in agreement with the books of account.



Andrew Harkness

For and on behalf of the
Comptroller and Auditor General
23 June 2011

Statement of Accounting Policies

For the year ended 31 December 2010

1 Basis of Accounting

These financial statements have been prepared under the accruals method of accounting, except as stated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards (FRS) recommended by the recognised accountancy bodies are adopted, as they become operative. The unit of currency in which the Financial Statements are denominated is Euro.

2 Oireachtas Grants

Income is accounted for on the basis of:

- Cash receipts from the Department of Jobs, Enterprise and Innovation;
- Payments made by the Department of Jobs, Enterprise and Innovation on behalf of the Commission.

3 Fixed Assets and Depreciation

The Labour Relations Commission adopts a minimum capitalisation threshold of €1,000. Fixed assets are stated at their cost less accumulated depreciation. Depreciation is charged at rates calculated to write off the cost of each asset over its expected useful life on a straight-line basis as follows:

Furniture, Fixtures and Fittings	10% <i>per annum</i>
Equipment	20% <i>per annum</i>

4 Capital Account

The capital account represents the unamortised amount of income used to purchase fixed assets and the value of assets transferred to the Commission.

5 Pensions

The Commission operates a non-contributory defined benefit pension scheme for one Officer, which is funded annually on a pay-as-you-go basis from monies provided by the Department of Jobs, Enterprise and Innovation. Pension Scheme liabilities are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Jobs, Enterprise and Innovation.

Pension liabilities represent the present value of future pension payments earned to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Jobs, Enterprise and Innovation.

6 Stocks

Stocks of publications and stationery have no net realisable value and are not regarded as assets.

Income and Expenditure Account

For the year ended 31 December 2010

	Notes	€	2010 €	2009 €
Income				
Oireachtas Grants	1		5,107,946	5,656,570
Net deferred funding for pensions	5(a)		139,000	120,000
			<hr/>	<hr/>
			5,246,946	5,776,570
Transfer (to)/from Capital Account	2		78,778	68,235
			<hr/>	<hr/>
			5,325,724	5,844,805
Expenditure				
Salaries and related costs	3	385,539		4,259,403
Travel and subsistence		316,485		334,202
Commission Members' fees	6	92,340		75,600
Rental of meeting rooms		135,706		146,621
Stationery and office supplies		34,069		31,866
Postage, carriage and telephone		168,703		169,312
Entertainment and catering		14,430		8,415
Research		78,172		78,987
Utilities & Office maintenance		181,075		156,866
Audit fee		7,700		8,750
Consultancy and professional fees		108,571		242,661
Miscellaneous		48,404		77,983
Printing		20,260		42,088
Training		24,572		8,823
Pension costs		139,000		120,000
Refurbishment		18,503		-
Depreciation		88,836		96,403
Loss on disposal of fixed assets		9,532		-
			<hr/>	<hr/>
			5,337,897	5,857,980
Surplus/(Deficit) for year			<hr/>	<hr/>
			(12,173)	(13,175)
Balance at 1st January			108,713	121,888
			<hr/>	<hr/>
31st December			96,540	108,713
			<hr/>	<hr/>

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.



Chairperson
Date: 22 June 2011



Chief Executive
Date: 22 June 2011

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2010

	Notes	2010 €	2009 €
Surplus/(deficit) for the year		(12,173)	(13,175)
Experience gains/(losses) on pension scheme liabilities		139,000	(80,000)
Changes in assumption underlying the present value of pension scheme liabilities		-	-
Actuarial gain / (loss) on pension liabilities		139,000	(80,000)
Adjustment to deferred pension funding	5(d)	(139,000)	80,000
Total recognised gain/(loss) for the year		(12,173)	(13,175)

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.



Chairperson
Date: 22 June 2011



Chief Executive
Date: 22 June 2011

Balance Sheet

For the year ended 31 December 2010

	Notes	€	2010 €	2009 €
Fixed Assets	9		224,563	303,340
Current Assets				
Debtors and prepayments	10	105,712		100,608
Cash at bank and on hand	11	85,527		103,199
		<u>191,239</u>		<u>203,807</u>
Current Liabilities				
Creditors (amounts falling due within one year)	12	94,700		95,094
		<u>94,700</u>		<u>95,094</u>
Net Current Assets			<u>96,539</u>	<u>108,713</u>
Total Assets less Current Liabilities before Pension			<u>321,102</u>	<u>412,053</u>
Deferred pension funding	5(c)		1,300,000	1,300,000
Pension liabilities	5(b)		(1,300,000)	(1,300,000)
Total Assets less Current Liabilities			<u>321,102</u>	<u>412,053</u>
Represented By:				
Capital Account	2		224,562	303,340
Income and expenditure account			96,540	108,713
			<u>321,102</u>	<u>412,053</u>

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.


 Chairperson
 Date: 22 June 2011


 Chief Executive
 Date: 22 June 2011

Notes to the Financial Statements

For the year ended 31 December 2010

1 Oireachtas Grants

The Department of Jobs, Enterprise and Innovation provided grant funding during the year as follows:

Paid over to the Labour Relations Commission
Paid directly by the Department

	2010 €	2009 €
Paid over to the Labour Relations Commission	1,150,000	1,304,000
Paid directly by the Department	3,957,946	4,352,570
	<u>5,107,946</u>	<u>5,656,570</u>

2 Capital Account

Balance at 1st. January

Transfer from Income and Expenditure Account

Income applied to purchases of Fixed Assets
Net book value of assets disposed
Amortisation in line with depreciation

Balance at 31 December

	2010 €	2009 €
Balance at 1st. January	303,340	371,575
Income applied to purchases of Fixed Assets	19,590	28,168
Net book value of assets disposed	(9,532)	0
Amortisation in line with depreciation	(88,836)	(96,403)
	<u>(78,778)</u>	<u>(68,235)</u>
Balance at 31 December	<u>224,562</u>	<u>303,340</u>

3 Salaries and Related Costs

All staff, other than the Chief Executive and the fifteen (15) Rights Commissioners, are Civil Servants assigned to the Commission by the Department of Jobs, Enterprise and Innovation. The charge of €3,851,539 (2009: €4,259,403) includes fees of €1,291,233 (2009: €1,384,003) payable to the fifteen (15) Rights Commissioners. The total number of staff employed at 31st December 2010 was forty-eight (48) (2009 - 49) with a salary cost of €2,499,110 (2009: €2,698,466).

4 Chief Executive

The Chief Executive received salary payments of €167,603 (2009: €176,934). No bonus payments were made in the year. The Chief Executive received an amount of €12,303 (2009: €11,828) in respect of travel and subsistence.

The Chief Executive pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefit superannuation scheme.

5 Pension

(a) Analysis of total pension costs charged to Expenditure

Current service costs
Interest on Pension Scheme Liabilities

Balance at 31 December

	2010 €	2009 €
Current service costs	68,000	60,000
Interest on Pension Scheme Liabilities	71,000	60,000
	<u>139,000</u>	<u>120,000</u>

For the year ended 31 December 2010

(b) Movement in net pension liability during the financial year

	2010	2009
	€	€
Net pension liability at 1 January	1,300,000	1,100,000
Current service cost	68,000	60,000
Interest cost	71,000	60,000
Actuarial loss/(gain)	(139,000)	80,000
Pensions paid in the year	-	-
	<hr/>	<hr/>
Net pension liability at 31 December	<u>1,300,000</u>	<u>1,300,000</u>

(c) Deferred funding for pensions

The Commission recognises these amounts as an asset corresponding to the unfunded deferred liability for pension on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the pension schemes, and the policy and practice currently in place in relation to funding public service pensions, including the annual estimates process.

The Commission has no evidence that this funding will not continue to meet such sums in accordance with current practices. The deferred funding asset for pension as at 31 December 2010 amounted to €1,300,000 (2009: €1,300,000)

(d) History of defined benefit obligations

	2010	2009
Defined benefit obligations	1,300,000	1,300,000
Experience losses/(gains) on scheme liabilities:		
Amount	(139,000)	80,000
Percentage of scheme liabilities	(11%)	5%
The cumulative actuarial loss recognised in the Statement Total Recognised Gains and Losses amounts to €285,000.		

(e) General description of the Scheme

The pension scheme is a defined benefit salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation on 27 February 2011 by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 December 2010.

The principal actuarial assumptions were as follows:

	2010	2009
Rate of increase in salaries	4%	4%
Rate of increase in pensions in payment	4%	4%
Discount rate	5.5%	5.5%
Inflation rate	2%	2%
Average life expectancy:		
Male aged 65	22	22
Female aged 65	25	25

Notes to the Financial Statements (continued)

For the year ended 31 December 2010

6 Commission Members' Fees

The annual fees payable to Commission Members are as follows:

	2010	2009
	€	€
Chairperson	20,520	16,800
Ordinary Members	71,820	58,800
	<hr/>	<hr/>
	92,340	75,600
	<hr/>	<hr/>

This Amount paid in fees in 2009 (75,600) reflects the absence of a Board during the period April 2009 to end of June 2009. the fees paid in 2008 amounted to €108,000.

7 Commission Members' Fees List

	Fees
	€
Breege O'Donoghue (Chair)	20,520
Gerard Barry	11,970
Iarla Duffy	11,970
Brendan McGinty	11,970
John Hennessy	11,970
Peter McLoone	11,970
Fergus Whelan	11,970
	<hr/>

The amount paid to Commission Members in 2010 in respect of:

Mileage expenses	4,097
Subsistence expenses	1,303
	<hr/>
Total paid in 2010	5,400
	<hr/>

8 Rent and Rates

The Commission operates from offices provided on a rent free basis by the Office of Public Works.

9 Fixed Assets

	Furniture, Fixtures and Fittings	Equipment	Total
Cost	€	€	€
At 1 January 2010	456,979	735,020	1,191,999
Additions In Year	5,868	13,722	19,590
Disposals In Year	(22,238)	(67,118)	(89,356)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	440,609	681,624	1,122,233
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
At 1 January 2010	255,839	632,820	888,659
Charge for Year	38,203	50,633	88,836
Depreciation on Disposals	(12,707)	(67,118)	(79,825)
	<hr/>	<hr/>	<hr/>
At 31 December 2010	281,335	616,335	897,670
	<hr/>	<hr/>	<hr/>

For the year ended 31 December 2010

	Furniture, Fixtures and Fittings	Equipment	Total
Net book values	€	€	€
At 31 December 2010	159,274	65,289	224,563
At 31 December 2009	201,140	102,200	303,340

10 Debtors and Prepayments

	2010	2009
	€	€
Debtors	12,739	4,941
Prepayments	14,706	17,400
Office of Public Works (OPW)	78,267	78,267
	105,712	100,608

11 Bank and Cash

	2010	2009
	€	€
Current account	84,031	101,649
Deposit account	1,333	1,333
Petty cash	163	217
	85,527	103,199

12 Creditors

	2010	2009
	€	€
Accruals	86,475	86,344
Audit fee	8,225	8,750
	94,700	95,094

13 Related Party Transactions

The Labour Relations Commission is an independent statutory body under the aegis of the Department of Jobs, Enterprise and Innovation. The Commission received grant aid from the Department of Jobs, Enterprise and Innovation and, due to various material transactions, this Department is regarded as a related party.

The Board adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interest by the Board members and these procedures have been adhered to in the year.

There were no transactions in the year in relation to the Board's activities in which the Board members had any beneficial interest.

14 Approval of Financial Statements

These financial statements were approved by the Board on the 22 June 2011.

Chapter 3

Financial Statements 2011

For the year ended 31 December 2011

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Statement of Responsibilities of the Commission

For the year ended 31 December 2011

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- to select suitable accounting policies and apply them consistently;
- to make judgements and estimates that are reasonable and prudent;
- to prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation; and
- to state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Commission is responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Commission and which enable it to ensure that the Financial Statements comply with Section 31(1) of the Act. The Commission is also responsible for safeguarding the assets of the Labour Relations Commission and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Chairperson
Date:



Commission Member
Date:

For the year ended 31 December 2011

Responsibility on Internal Financial Control

As Chairperson, I acknowledge the responsibility of the Labour Relations Commission for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

The Commission has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining management responsibilities and powers;
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the Commission; and
- Developing a culture of accountability across all levels of the Commission

The Commission has established procedures to identify and evaluate business risks by:

- Identifying the nature, extent and financial implication of risks facing the Commission including the extent and categories which it regards as acceptable;
- Assessing the likelihood of identified risks occurring—a risk register is in place;
- Assessing the Commission's ability to manage and mitigate the risks which occur; and
- Assessing the costs of operating particular controls relative to the benefit obtained

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular it includes:

- A comprehensive budgeting system with a monthly budget which is reviewed and agreed by the Commission;
- Regular reviews by the Commission of periodic and annual financial reports which indicate financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing and approval guidelines; and
- Formal project management disciplines.

The Commission employed a consultant, on a contract basis, as internal auditor to conduct a review of the effectiveness of the system of internal controls.

The Commission's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal Auditor, the Audit Committee, the executive managers within the Commission who have responsibility for the development and maintenance of the financial control framework, and comments made by the Comptroller and Auditor General in his management letter or other reports.

Annual Review of Controls

I confirm that for the year ended 31 December 2011 the Commission conducted a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Labour Relations Commission



Breege O'Donoghue
Chairperson
Date:

Report of the Comptroller and Auditor General

For the year ended 31 December 2011

The process of finalising the audit of the Commission's accounts for 2011 is well advanced at this time of writing. The audited accounts will be published when the Comptroller and Auditor General has completed the annual review and issued the relevant certification.

For the year ended 31 December 2011

1 Basis of Accounting

These financial statements have been prepared under the accruals method of accounting, except as stated below, and in accordance with generally accepted accounting principles under the historical cost convention. Financial Reporting Standards recommended by the recognised accountancy bodies are adopted, as they become operative. The unit of currency in which the Financial Statements are denominated is euro.

2 Oireachtas Grants

Income is accounted for on the basis of:

- Cash receipts from the Department of Jobs, Enterprise and Innovation;
- Payments made by the Department of Jobs, Enterprise and Innovation on behalf of the Commission.

3 Fixed Assets and Depreciation

The Labour Relations Commission adopts a minimum capitalisation threshold of €1,000. Fixed assets are stated at their cost less accumulated depreciation. Depreciation is charged at rates calculated to write off the cost of each asset over its expected useful life on a straight-line basis as follows:

Furniture, Fixtures and Fittings	10% <i>per annum</i>
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4 Capital Account

The capital account represents the unamortised amount of income used to purchase fixed assets and the value of assets transferred to the Commission.

5 Pensions

The Commission operates a non-contributory defined benefit pension scheme for one officer which is funded annually on a pay-as-you-go basis from monies provided by the Department of Jobs, Enterprise and Innovation. Pension Scheme liabilities are measured on an actuarial basis using the projected unit method. Pension costs reflect pension benefits earned in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Total Recognised Gains and Losses and a corresponding adjustment is recognised in the amount recoverable from the Department of Jobs, Enterprise and Innovation.

Pension liabilities represent the present value of future pension payments earned to date. Deferred pension funding represents the corresponding asset to be recovered in future periods from the Department of Jobs, Enterprise and Innovation.

6 Stocks

Stocks of publications and stationery have no net realisable value and are not regarded as assets.

Income and Expenditure Account

For the year ended 31 December 2011

	Notes	€	2011 €	2010 €
Income				
Oireachtas grants	1		4,958,078	5,107,946
Net deferred funding for pensions	5(a)		57,000	139,000
			<hr/>	<hr/>
			5,015,078	5,246,946
Transfer (to)/from Capital Account	2		38,440	78,778
			<hr/>	<hr/>
			5,053,518	5,325,724
Expenditure				
Salaries and related costs	3	3,867,422		3,851,539
Travel and subsistence		283,580		316,485
Commission members' fees	6	92,340		92,340
Rental of meeting rooms		123,354		135,706
Stationery and office supplies		36,254		34,069
Postage, carriage and telephone		160,844		168,703
Entertainment and catering		11,047		14,430
Research		14,280		78,172
Utilities & office maintenance		178,128		181,075
Audit fee		8,225		7,700
Consultancy and professional fees		77,898		108,571
Miscellaneous		37,409		48,404
Printing		26,640		20,260
Training		14,305		24,572
Pension costs		57,000		139,000
Refurbishment		-		18,503
Depreciation		73,635		88,836
Loss on disposal of fixed assets		591		9,532
		<hr/>		<hr/>
			5,062,952	5,337,897
Surplus/(Deficit) for year			(9,434)	(12,173)
Balance at 1 January			96,540	108,713
			<hr/>	<hr/>
31 December			87,106	96,540
			<hr/>	<hr/>

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.



Chairperson
Date:



Chief Executive
Date:

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2011

	Notes	2011 €	2010 €
Surplus/(deficit) for the year		(9,434)	(12,173)
Experience gains/(losses) on pension scheme liabilities		(57,000)	139,000
Changes in assumption underlying the present value of pension scheme liabilities		-	-
Actuarial gain (loss) on pension liabilities		(57,000)	139,000
Adjustment to deferred pension funding	5(d)	(137,000)	(139,000)
Total recognised gain (loss) for the year		(9,434)	(12,173)

The results for the year relate to continuing operations.

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.



Chairperson
Date:



Chief Executive
Date:

Balance Sheet

For the year ended 31 December 2011

	Notes	€	2011 €	2010 €
Fixed Assets	9		186,123	224,563
Current Assets				
Debtors and prepayments	10	94,968		105,712
Cash at bank and on hand	11	80,719		85,527
		175,687		191,239
Current Liabilities				
Creditors (amounts falling due within one year)	12	88,582		94,700
		88,582		94,700
Net Current Assets			87,105	96,539
Total Assets less Current Liabilities before Pension			273,228	321,102
Deferred pension funding	5(c)		1,300,000	1,100,000
Pension liabilities	5(b)		(1,300,000)	(1,100,000)
Total Assets less Current Liabilities			273,228	321,102
Represented By:				
Capital account	2		186,122	224,562
Income and expenditure account			87,106	96,540
			273,228	321,102

The Statement of Accounting Policies and Notes 1 to 14 form part of these Financial Statements.



Chairperson
Date:



Chief Executive
Date:

For the year ended 31 December 2011

1 Oireachtas Grants

The Department of Jobs, Enterprise and Innovation provided grant funding during the year as follows:

Paid over to the Labour Relations Commission
Paid directly by the Department

	2011 €	2010 €
	1,009,000	1,150,000
	3,949,078	3,957,946
	<u>4,958,078</u>	<u>5,107,946</u>

2 Capital Account

Balance at 1 January

Transfer from Income and Expenditure Account

Income applied to purchases of Fixed Assets
Net book value of assets disposed
Amortisation in line with depreciation

Balance at 31 December

	2011 €	2010 €
	224,562	303,340
	35,786	19,590
	(591)	(9,532)
	(73,635)	(88,836)
	<u>(38,440)</u>	<u>(78,778)</u>
	<u>186,122</u>	<u>224,562</u>

3 Salaries and Related Costs

All staff, other than the Chief Executive and the 15 Rights Commissioners, are Civil Servants assigned to the Commission by the Department of Jobs, Enterprise and Innovation. The charge of €3,867,422 (2010: €3,851,539) includes fees of €1,284,719 (2010: €1,291,233) payable to the 15 Rights Commissioners. The total number of staff employed at 31 December 2011 was 50 (2010 – 48) with a salary cost of €2,582,994 (2010: €2,499,110).

4 Chief Executive

The Chief Executive received salary payments of €167,420 (2010: €167,603). No bonus payments were made in the year. The Chief Executive received an amount of €10,071 (2010: €12,303) in respect of travel and subsistence. The Chief Executive pension entitlements do not extend beyond the standard entitlements in the model public sector defined benefit superannuation scheme.

5 Pension**(a) Analysis of total pension costs charged to Expenditure**

Current service costs
Interest on Pension Scheme Liabilities

Balance at 31st. December

	2011 €	2010 €
	66,000	68,000
	71,000	71,000
	<u>137,000</u>	<u>139,000</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2011

(b) Movement in net pension liability during the financial year

	2011 €	2010 €
Net pension liability at 1 January	1,300,000	1,300,000
Current service cost	66,000	68,000
Interest cost	71,000	71,000
Actuarial loss/(gain)	(57,000)	(139,000)
Pensions paid in the year	-	-
	<hr/>	<hr/>
Net pension liability at 31 December	<u>1,380,000</u>	<u>1,300,000</u>

(c) Deferred funding for pensions

The Commission recognises these amounts as an asset corresponding to the unfunded deferred liability for pension on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the pension schemes, and the policy and practice currently in place in relation to funding Public Service pensions including the annual estimates process.

The Commission has no evidence that this funding will not continue to meet such sums in accordance with current practices. The deferred funding asset for pension as at 31 December 2011 amounted to €1,380,000 (2010: €1,300,000).

(d) History of defined benefit obligations

	2011	2010
Defined benefit obligations	1,380,000	1,300,000
Experience losses/(gains) on scheme liabilities:		
Amount	(57,000)	(139,000)
Percentage of scheme liabilities	(4%)	(11%)
The cumulative actuarial loss recognised in the Statement Total		
Recognised Gains and Losses amounts to €228,000.		

(e) General description of the Scheme

The pension scheme is a defined benefit salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The valuation used for FRS17 (Revised) disclosures has been based on a full actuarial valuation on January 28th, 2012 by a qualified independent actuary taking account of the requirements of the Financial Reporting Standards (FRS) in order to assess the scheme liabilities at 31 December 2011.

The principal actuarial assumptions were as follows:

	2011	2010
Rate of increase in salaries	4%	4%
Rate of increase in pensions in payment	4%	4%
Discount rate	5.5%	5.5%
Inflation rate	2%	2%
Average life expectancy:		
Male aged 65	22	22
Female aged 65	25	25

For the year ended 31 December 2011

6 Commission Members' Fees

The annual fees payable to Commission Members are as follows:

	2011	2010
	€	€
Chairperson	20,520	20,520
Ordinary Members	71,820	71,820
	<hr/>	<hr/>
	92,340	92,340
	<hr/>	<hr/>

7 Commission Members' Fees List

	Fees
	€
Breege O'Donoghue (Chairperson)	20,520
Gerard Barry	11,970
Iarla Duffy	11,970
Brendan McGinty	11,970
John Hennessy	11,970
Peter McLoone	11,970
Fergus Whelan	11,970
	<hr/>
The amount paid to Commission Members in 2011 in respect of:	€
Mileage expenses	3,223
Subsistence expenses	1,232
	<hr/>
Total paid in 2011	4,455
	<hr/>

8 Rent and Rates

The Commission operates from offices provided on a rent free basis by the Office of Public Works.

9 Fixed Assets

	Furniture, Fixtures and Fittings	Equipment	Total
Cost	€	€	€
At 1 January 2011	440,609	681,624	1,122,233
Additions In Year	-	35,786	35,786
Disposals In Year	(3,500)	(85,444)	(88,944)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	437,109	631,966	1,069,075
	<hr/>	<hr/>	<hr/>
Accumulated Depreciation			
At 1 January 2011	281,335	616,335	897,670
Charge for Year	24,921	48,714	73,635
Depreciation on Disposals	(2,909)	(85,444)	(88,353)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	303,347	579,605	882,952
	<hr/>	<hr/>	<hr/>

Notes to the Financial Statements (continued)

For the year ended 31 December 2011

	Furniture, Fixtures and Fittings	Equipment	Total
Net book values	€	€	€
At 31 December 2011	133,762	52,361	186,123
At 31 December 2010	159,274	65,289	224,563

10 Debtors & Prepayments

	2011	2010
	€	€
Debtors	79	12,739
Prepayments	16,622	14,706
Office of Public Works (OPW)	78,267	78,267
	94,968	105,712

11 Bank & Cash

	2011	2010
	€	€
Current account	79,181	84,031
Deposit account	1,333	1,333
Petty cash	205	163
	80,719	85,527

12 Creditors

	2011	2010
	€	€
Accruals	80,357	86,475
Audit fee	8,225	8,225
	88,582	94,700

13 Related Party Transactions

The Labour Relations Commission is an independent statutory body under the aegis of the Department of Jobs, Enterprise and Innovation. The Commission received grant aid from the Department of Jobs, Enterprise and Innovation and, due to various material transactions, this Department is regarded as a related party.

The Board adopted procedures in accordance with the Code of Practice for the Governance of State Bodies in relation to the disclosure of interest by the Board members and these procedures have been adhered to in the year.

There were no transactions in the year in relation to the Board's activities in which the Board members had any beneficial interest.

14 Approval of Financial Statements

These financial statements were approved by the Board on the -- ---- ----





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