


**A New Deal**  
*for Retail & Distribution Workers*

STRONGER TOGETHER



**CONGRESS**

Irish Congress of Trade Unions

A person is walking away from the camera down a long aisle in a warehouse. The aisle is lined with high industrial shelving units filled with stacks of goods, likely pallets of boxes or bags, wrapped in clear plastic. The floor is made of light-colored square tiles. The lighting is bright, and the overall scene is a typical industrial storage environment.

**The Irish Congress of Trade Unions  
Retail & Distribution Sector Group  
represents tens of thousands of workers  
across the sector in both jurisdictions, on the island of Ireland.  
The affiliated unions in the group include:  
Mandate, Siptu, USDAW, Unite and GMB.**

# **A New Deal**

**for Retail & Distribution Workers**



- 1. No State Aid Without Decent Work**
- 2. Decent Pay**
- 3. Secure Hours & Benefits**
- 4. A Voice at Work**

## On the Frontline

The applause has faded, but the difficulties faced by essential service workers have not disappeared.

These were exposed by the Covid 19 emergency, which laid bare some of the best kept secrets of the modern economy.

Behind the promise of progress we find an army of low paid, insecure workers without whom our economies and societies would grind to a halt.

The core, essential services provided by these workers kept our societies functioning throughout the public health emergency.

Even as the pandemic forced mass lockdowns, these key workers kept shops open, supply chains clear and shelves stacked, they ensured the smooth running of public transport and provided care for those affected by Covid 19.

Care staff, transport workers, retail, wholesale and distribution staff, cleaning workers, emergency services and many others were on at the frontline during the emergency.

This has forced us to rethink the idea of essential work and how we value all those who provide these critical services.

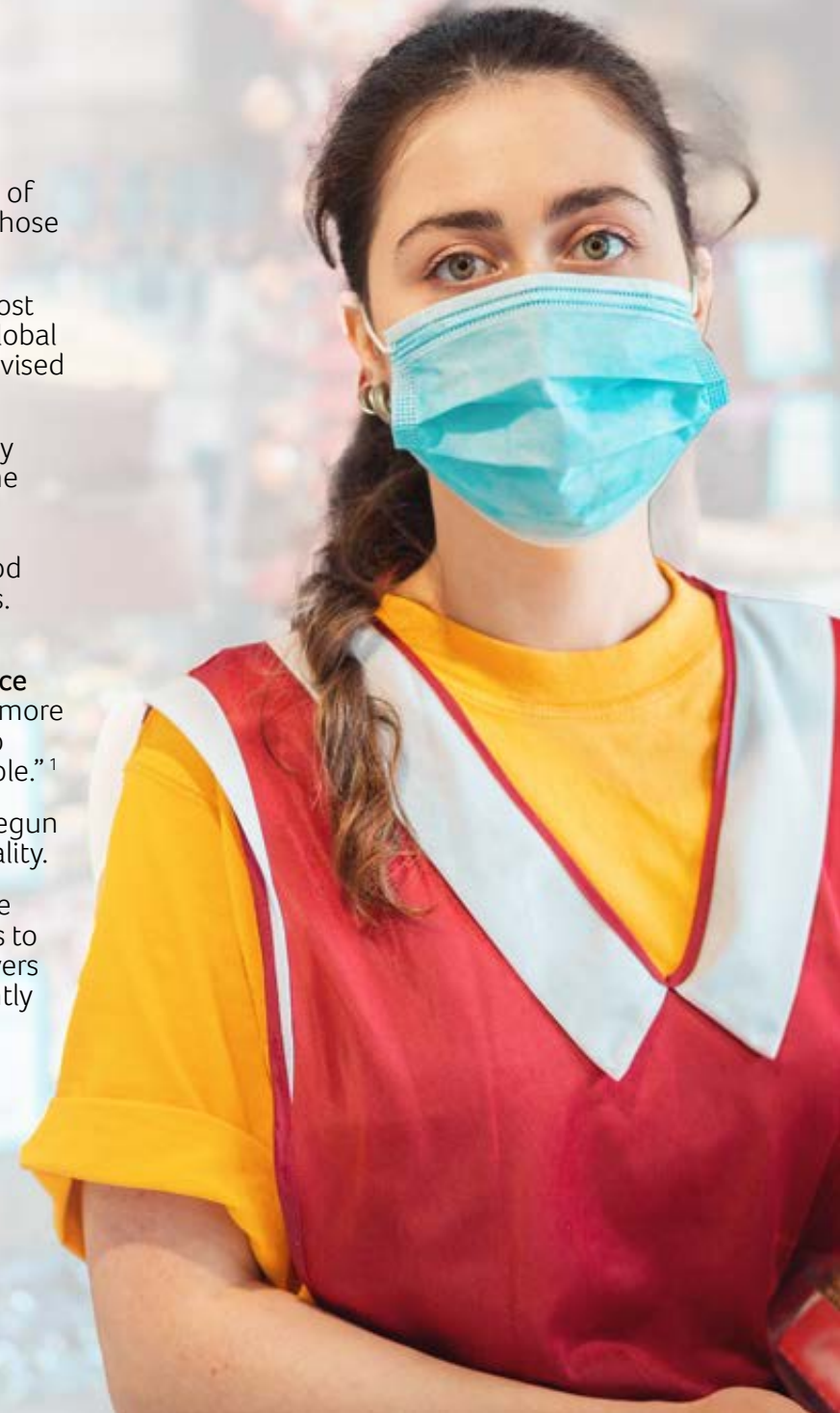
This dramatic change has not been lost on business and employers. As the global consultancy firm Deloitte recently advised its business clients:

“Ensuring the health and continuity of the food supply chain during the outbreak has created a **new class of ‘essential’ workers**. From store associates to truck drivers, the food workforce is now on the frontlines.

“As a result, supply chain security, vendor relationships, and **workforce management** have become even more critical, not only to retailers, but to governments and society as a whole.”<sup>1</sup>

Employers and policy makers have begun fashioning a response to this new reality.

Unions must also meet this challenge and grasp the opportunity it provides to reshape the sector in a way that delivers for workers who have been consistently undervalued and ignored.



<sup>1</sup> Understanding the Impact of Covid 19: Grocery & Retail Deloitte (March 2020)



## Low Pay, High Risk

### The reality of life in the new economy was highlighted in a recent joint study from academics in University College Cork and the University of Limerick.

Noting the praise directed at frontline workers, it asked a key question:

“But how do we show our gratitude to those working in the service sectors who are keeping our country functioning during this national emergency?”

“They continue to serve us in supermarkets, petrol stations and off-licences.

“These workers clean our medical facilities, feed and care for our sick and elderly in nursing homes and hospitals, collect our rubbish and deliver vital medical and food supplies.

“These are some of our most precarious and lowest-paid workers; that’s how we show our gratitude.”<sup>2</sup>

Similar conclusions were outlined by the National, Economic & Social Council (NESC) in a study on the impact of Covid-19 on the workforce.<sup>3</sup>

While the health emergency focused attention on work that is seen “as essential and critical to the well-being of the nation” it also raised a more fundamental question by

drawing attention “to the wages and terms and conditions of workers in those areas.”

Workers in such sectors had a higher risk of exposure to Covid-19 than others. The pandemic made ‘poor jobs’ worse for the individual workers, but *more valuable* to society as a whole.

The health emergency “reinforced the importance of adequate wages and hours” for all workers, the NESC study concluded.

It recommended action from governments and employers to ensure higher standards of employment and the promotion of Decent Work.

“... Society needs to have a very practical and detailed discussion about **good jobs**, what a good jobs economy means and about what levers are available to policymakers to promote them.

“Employers and policymakers must act to transform these precarious/low paid, but now essential jobs into good jobs.”

### Tackling the prevalence of low pay will be key to any such action from governments and employers north and south.

The economic damage inflicted by the pandemic will also need to be undone, with the International Labour Organisation (ILO) confirming that global labour income fell by 10.7% in the first three quarters of 2020..<sup>4</sup>

<sup>2</sup> *The Low-Paid Workers Keeping Ireland Running During the Pandemic* Maeve O’Sullivan, UCC; Christine Cross, University of Limerick and Jonathan Lavelle, University of Limerick (RTE Brainstorm, April 2020) <https://www.rte.ie/brainstorm/2020/0402/1127997-low-paid-workers-ireland-gig-economy-coronavirus-pandemic/>

<sup>3</sup> *How we Value Work: the Impact of Covid 19*, NESC <https://www.nesc.ie/news-events/press-releases/how-we-value-work-the-impact-of-covid-19/>

<sup>4</sup> ILO Says Pandemic Causes Pay Loss: [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_755910.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_755910.pdf)

## Among the Worst

**Officially, the rate of low pay in the Republic of Ireland stands at 23% - the third highest in the European Union, according to the OECD.<sup>5</sup>**

This is well above the OECD average, which is just over 15%.

Low pay is defined as earnings that are below two thirds of a country's median income.

Median weekly earnings in Ireland for 2018 were **€740.72**, resulting in a 'low pay threshold' of **€488.87** per week.<sup>6</sup>



According to the Central Statistics Office (CSO), workers in the Accommodation & Food and the Wholesale & Retail sectors are among the lowest paid in the economy.



**Accommodation & Food workers**



**Wholesale & Retail workers**

Accommodation & Food workers had a median weekly wage of just **€313.59**, in 2018. The median weekly wage for Wholesale & Retail workers was **€441.13**.

Both sit below the low pay threshold for the wider economy.

CSO figures show that earnings in retail rose slightly in 2019, before falling back again in early 2020.

In addition, the Gender Pay Gap means that female workers - of which there are a high proportion in these sectors - can earn some 19% less than their male counterparts.<sup>7</sup>

Combined, these sectors account for more than half of the minimum wage workers in the RoI economy.<sup>8</sup>

Retail is also the single largest employer of young workers (under 40) with some 36% of that number on part-time, temporary contracts.<sup>9</sup>



**female workers...can earn some 19% less than their male counterparts**

<sup>5</sup> OECD Data <https://data.oecd.org/earnwage/wage-levels.htm>

<sup>6</sup> CSO Earnings Analysis <https://www.cso.ie/en/releasesandpublications/ep/p-eads/earningsanalysisusingadministrativedatasources2018/annualearnings/>

<sup>7</sup> The Low-Paid Workers Keeping Ireland Running During the Pandemic Maeye O'Sullivan, UCC; Christine Cross, University of Limerick and Jonathan Lavelle, University of Limerick (RTE Brainstorm, April 2020) <https://www.rte.ie/brainstorm/2020/0402/1127997-low-paid-workers-ireland-gig-economy-coronavirus-pandemic/>


<sup>8</sup> Minimum Wage Policy in Ireland (ESRI) <https://www.esri.ie/news/half-of-all-minimum-wage-employees-work-in-the-accommodation-food-and-retail-sectors-which>

<sup>9</sup> Young Workers Likely to Feel the Brunt Again Ciaran Nugent (NERI) <https://www.neriinstitute.net/blog/coronavirus-young-workers-likely-feel-brunt-again>

These same workers also face exorbitant childcare and housing costs, with Ireland ranked 'second worst' in the developed world in terms of housing affordability.<sup>10</sup>

Indeed, the ESRI believes that the pandemic will almost certainly worsen the affordability problem in the housing market, particularly for those in the rental sector.<sup>11</sup>

New figures confirm that housing affordability is already a major concern for Retail & Distribution workers who now comprise 19% of all workers in receipt of Housing Assistance Payment (HAP), the highest of any employment sector.<sup>12</sup>



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<sup>10</sup> Irish Independent <https://www.independent.ie/irish-news/ireland-ranked-second-worst-in-the-developed-world-for-property-affordability-38967606.html>

<sup>11</sup> Assessing the Impact of Covid 19 (ESRI) <https://www.esri.ie/publications/assessing-the-impacts-of-covid-19-on-the-irish-property-market-an-overview-of-the>

<sup>12</sup> <https://www.independent.ie/irish-news/number-of-households-using-payment-assistance-increases-for-sixth-year-in-succession-39764340.html>



## Unions Secure Higher Wages, Better Protection

But unions have secured major gains and better protections for workers in the Retail sector.

Collective bargaining agreements in major retail chains and outlets ensure that the majority of the workers covered by such agreements enjoy earnings that are well above median and at the higher end of wages in the sector.

More significantly, following a long-running campaign, unions in the Republic of Ireland secured a landmark legal ban on Zero Hour contracts, in 2018.

The Employment (Miscellaneous Provisions) Act ensures that workers in this jurisdiction now enjoy greater security of hours and certainty over their income. The law means that:

- Zero Hour contracts are entirely banned (except in genuine casual situations);
- Retail staff are guaranteed weekly working hours that reflect a normal working week;
- They are entitled to receive a minimum payment if the employer cannot provide hours when they arrive for work;
- They must receive a written statement of their terms of employment within five days of starting work.

The 2018 law provides greater security and protection for workers and represents one of the most significant gains they have made over recent years.

It can also have a positive impact on employments standards across the economy given the sector employs 13% of the overall workforce in the Republic - or some 285,000 people - according to figures from Retail Ireland.



# No Border for Low Pay

## The Retail sector also plays a key role in the Northern Ireland economy.

Along with Health & Social Work, it accounts for almost a third of the region's workforce.

But low pay is a persistent problem in Northern Ireland also, according to updated figures from the Nevin Economic Research Institute (NERI).<sup>13</sup>

It has revealed that some 25% of the NI workforce earned below the Real Living Wage rate of £9.30 per hour.

The Real Living Wage is set annually by the Living Wage Foundation in the UK and is based on "what employees and their families need to live."

It is set at a higher rate than the UK government's National Minimum/ Living Wage, which is £8.72 per hour with lower rates for workers under 25 years of age.

In common with the southern economy, there is a prevalence of low pay in sectors such as Accommodation and Food, Sale & Customer Service and Retail and Wholesale.

The NERI figures show that 80% of workers in the Accommodation & Food Services earned below the Real Living Wage, while 45% of workers in Wholesale & Retail were similarly underpaid.

Again, many in these sectors are the essential workers upon whom wider society was heavily dependent during the most critical phases of the pandemic.

Yet we have seen employers lobby the Low Pay Commission to try and ensure it does not increase the National Minimum Wage, even as the pandemic rages.

In addition, many workers in the NI retail sector are held back by insecure and precarious work contracts as there is no ban on Zero Hour contracts of the type that exists south of the border.

That means workers have no guarantee of the hours they will work from week to week, or even what they will earn.

As hours can be changed at very short notice, this can cause significant financial hardship for many in the sector.

To address this critical problem protections similar to those that exist in RoI must be introduced and workers across the sector guaranteed a decent minimum number of contractual hours and a contract that reflects their normal working hours.



<sup>13</sup> <https://www.nerinstitute.net/blog/low-pay-northern-ireland-update>

## Global Problem

**The low pay model is now embedded in the global economy.**

The OECD has reported on worrying and “unprecedented levels of wage stagnation” over recent years, which affects lower paid workers far more than those at the top of the earnings scale.<sup>14</sup>

The decline in labour’s share of global income in developed and advanced economies has become a major concern, as it is a clear indicator of a rise in inequality.<sup>15</sup>

The United Nations’ World Social Report paints a similar picture and says productivity increases have not translated into pay rises, while levels of part time and ‘temporary’ work have risen significantly.<sup>16</sup>

This against a backdrop of fast growing pay for higher level executives, with some CEOs in Ireland receiving pay that is 212 times that of the average annual employees salary, according to a Congress study on CEO pay.<sup>17</sup>

In the UK the CEO ‘pay gap’ stands at 201 times the average wage.<sup>18</sup>

Equally, the *Financial Times* has reported (Oct 2020) that the wealth of world’s richest reached an all time high of some €10.2 trillion, during the early months of the pandemic, with the number of global billionaires now at 2189, the highest on record.

## Essential Service Workers Deserve Better

**The public health emergency has exposed serious flaws in our economic model and the protections afforded to essential service workers.**

This was underlined by the disgraceful treatment of Debenhams workers, which revealed a huge gap in the legal framework covering redundancy situations.

But the Debenhams debacle did not come as a bolt from the blue. Government and policymakers had ample warning.

The similarly shameful treatment of Clerys’ workers in 2015 led to the Duffy/Cahill report a year later, which set out key recommendations to stop history repeating itself.

But governments failed to act and the Debenhams workers were left exposed.

The government has a duty to act and ensure the measures that are required are put in place to deliver justice for the Debenhams workers and guarantee that there is no repeat of this episode.

<sup>14</sup> *Rising Unemployment & Wage Stagnation* (OECD) <https://www.oecd.org/newsroom/rising-employment-overshadowed-by-unprecedented-wage-stagnation.htm>

<sup>15</sup> *Declining Labour Share in the US* (McKinsey) <https://www.mckinsey.com/featured-insights/employment-and-growth/a-new-look-at-the-declining-labor-share-of-income-in-the-united-states>

<sup>16</sup> *UN World Social Report 2020* <https://www.un.org/development/desa/dspd/world-social-report/2020-2.html>

<sup>17</sup> *Because We’re Worth It* [https://www.ictu.ie/download/pdf/ictu\\_high\\_pay\\_report\\_winter\\_2019.pdf](https://www.ictu.ie/download/pdf/ictu_high_pay_report_winter_2019.pdf)

<sup>18</sup> <https://www.statista.com/statistics/424159/pay-gap-between-ceos-and-average-workers-in-world-by-country/>

# Build a New Model

**Protecting and securing jobs within the sector will be a priority in the months ahead.**

Employer groups Retail Ireland and Retail Excellence have estimated that the public health emergency may result in up to 100,000 job losses, across the sector - it currently employs some 285,000.<sup>19</sup>

In addition, retail in both north and south will be impacted by Brexit which is also likely to cost jobs and harm living standards across the economy.

A further concern arises in the shift to online trading, which has been significantly boosted by the Covid 19 emergency.

In the UK, the share of retail sales for online trading has surged from 5% in 2008 to 30% in 2020, with a significant part of the rise occurring in recent months.

In the Republic, online sales followed a similar trajectory and doubled in the first six months of 2020.

In fact Covid 19 has hugely accelerated the ongoing shift to online trading, with footfall declining massively in major retail centres.

Many of the changes seen during the emergency will not be reversed.

This has implications for some sections of the population - especially those without technical skills, such as the elderly - and may see them struggle to access the goods and services they need.

It also has significant implications for the traditional town centres, for 'bricks and mortar outlets and, as a result, for the income streams of local authorities

A shift to online trading will also impact the national tax take, with some 70% of revenue from online sales going overseas.<sup>20</sup> Prior to Covid 19, the retail sector contributed some 23% of the State's total tax receipts - twice the contribution of the financial sector.

But that will be reduced as the shift online grows and revenue is diverted overseas.

The shift online will also have a major impact on the workforce, with new demands being made of workers and, in some cases, an entirely new set of skills required to operate in a more digitally-focused work environment.

It is clear that Retail & Distribution occupies a pivotal position in both economies as a major employer and a key driver of revenue and of potential future economic growth.

But it is clear we now need to build a new model for the sector, one that can deliver quality jobs and growth.



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<sup>19</sup> Irish Examiner <https://www.irishexaminer.com/business/economy/arid-40034159.html>  
<sup>20</sup> <https://www.thinkbusiness.ie/articles/online-retail-bricks-mortar-ireland-omnichannel/>

To that end, the authorities in both jurisdictions must immediately establish **Retail Stakeholder Groups** - comprising unions, employers and relevant government departments - in order to agree and develop a new vision for the sector and begin the task of rebuilding.

In doing so we must ensure that practices exposed by the pandemic become a thing of the past.

But in Northern Ireland and the Republic, the employers' idea of a strong and sustainable sector seems to be at odds with this.

In May, with the lockdown still in place and with retail workers on the frontline of the emergency, employers group Ibec - in common with their NI and UK counterparts - warned against raising the Minimum Wage in the Republic or introducing the Living Wage at this point.<sup>21</sup>

More recently, Congress representatives withdrew from the Low Pay Commission in the Republic due to its failure to recommend a sufficient increase in the Minimum Wage for 2021, in line with wage increases across the economy.

Commenting on the problem of low pay and essential service workers Congress General Secretary Patricia King said:

“The pandemic has highlighted the critical contribution of essential workers. They are the frontline workers in the private and public sector who have kept us safe and kept our economy and society going. This includes retail workers, many of whom are in precarious and low paid work. It is no surprise that many of these jobs are carried out by women.

“Our country continues to function primarily because of the extraordinary sacrifices made by essential workers, who turn up at their desks or places of work each day and get on with their jobs.

“If we have learned anything as a society from the pandemic it is that we must value work and those who carry it out. We must make work pay.

“The lowest paid in our society suffered disproportionately during the last recession and we won't be party to any process that leaves them behind.”

Key analysts now believe that raising the Minimum Wage or introducing a Living Wage is critical to help combat persistent low pay, boost economic growth and tackle income inequality.<sup>22</sup>

This view is supported by a recent review of the impact of minimum wages which found that raising the rate does deliver positive results.<sup>23</sup>

And the idea that essential workers deserve better is shared at senior levels of government, in the Republic.

As the Tánaiste and Minister for Enterprise, Trade & Employment Leo Varadkar informed the Dáil recently:

“Those on whom we most relied during the pandemic - shopworkers, delivery drivers and cleaners - tend not to be well paid or well protected. We need to value their work more and do better by them in future.”<sup>24</sup>

**The applause has faded, now it's time for action.**

21. Ibec Reboot & Reimagine (p141) <https://www.ibec.ie/influencing-for-business/ibec-campaigns/reboot-and-reimagine>

22. A Crisis is an Ideal Time to Raise Pay <https://www.ft.com/content/a8385de5-e7cb-4fef-9e97-ac5fdc74015b>

23. Impacts of Minimum Wages <https://www.gov.uk/government/publications/impacts-of-minimum-wages-review-of-the-international-evidence>

24. Irish Times Sept 17 2020 <https://www.irishtimes.com/news/politics/minister-warns-of-ticket-touting-return-when-live-events-resume-1.4356741>

# **A New Deal** *for Retail & Distribution Workers*



- 1. No State Aid  
Without Decent Work**
- 2. Decent Pay**
- 3. Secure Hours & Benefits**
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## 1. No State Aid Without Decent Work

The essential service workers in the Retail & Distribution Sector need a new deal. They can no longer afford the price of low pay and insecure work.

That new deal must encompass decent pay and job security.

The goal is to establish Decent Work as standard across the sector.

Rebuilding the sector will require significant government support - in both jurisdictions - in terms of financial aid and innovative policy measures.

Some retail employers have suggested initiatives such as rent reliefs, rate exemptions and State assistance to help to secure the maximum number of jobs in sector.

Such initiatives have potential and could be supported by trade unions and workers, as part of an overall package to boost employment standards.

Any state intervention must be designed and agreed through the creation of a new Retail Stakeholder Group, with trade unions playing an integral role in developing a genuine recovery plan for the Retail & Distribution sector.



Such measures must address fair competition between online and the traditional ‘bricks and mortar’ model and the challenges that arise from developing a new future-proofed model for the sector.

But there will be no support for a return to ‘business as usual.’ There is no going back to the old, failed model.

That means **there can be no state aid** for employers who:

- **refuse their staff a voice at work and ban trade unions from the workplace;**
- **refuse to implement a fair pay model;**
- **refuse to make Decent Work a priority.**

A State support package for the Retail and Distribution sector must contain a mandatory **Decent Work Clause** that will guarantee improved conditions for workers in the sector.

State aid would only be available to those employers who agreed to implement the **Decent Work Clause** that includes action on pay, hours and union rights.

## 2. Decent Pay

Pay rates across the sector – north and south – must start at the rate of the **Living Wage** (*adjusted as the rate changes*) and progress upwards annually on an agreed scale.

Agreed **minimum rates** for public holidays and unsocial hours.

All workers across the sector should be entitled to *at least* one day's holiday above the statutory provision.



**A New Deal**  
for Retail & Distribution Workers





### 3. Secure Hours & Benefits

All workers in the sector must enjoy **security of hours - as per the provisions enshrined in law in the Republic** - with a minimum of four weeks notice of rostered hours and one weekend off every six weeks.

**Additional hours offered on a fair basis** to existing workers, before hiring new workers.

All workplaces to have safe and adequate staffing levels.

Agreed **top up payments** on State maternity/paternity benefits.

A properly funded **company pension scheme**.

A minimum of **four weeks paid** sick leave.

A statutory right to **training**.

Given the rapid changes across the sector - particularly the shift online - and the new demands placed on workers, there should be a statutory right **to training and reskilling**.

## 4. A Voice at Work



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Every workplace in both jurisdictions must enjoy the **right to collectively bargain** through their trade union.

Every workplace must **respect and follow health and safety** regulations.

There must be consultation and agreement on the implementation of new technology in the workplace.

Every workplace must be **free from all forms of bullying and harassment**.






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