

Construction Industry Federation



Submission in Respect of a Sectoral Employment Order in the General Construction Sector

June 2024

Chairman and Members of the Labour Court

This submission is made by the Construction Industry Federation (CIF) representing contractors and employers operating in the construction sector. CIF is a registered trade union under the Trade Union Acts 1871-1975 and is the representative body for firms in the construction industry in Ireland. CIF is recognised by Government and all stakeholders as the voice for construction employers.

Our members, who are involved in general building, civil engineering, specialist sub-contracting activities and home building, employ substantial numbers of craft workers, general operatives (GOs) and apprentices in the sector. In 2016, CIF made an application to the Labour Court under s.14 of the Industrial Relations (Amendment) Act 2015, as a result of which the first Sectoral Employment Order (Construction Sector) 2017 (SEO) was introduced. Subsequent SEOs, and amendments to SEOs, were introduced following applications to the Court by the ICTU. The current SEO, Statutory Instrument No 207/2023, was signed into law by Minister Neale Richmond in April 2023.

On 29th April 2024, the ICTU applied to the Labour Court in accordance with s.14 of the Industrial Relations (Amendment) Act 2015 to request the Court to examine the terms and conditions relating to the remuneration and pensions/sick pay of craftworkers, general operatives and apprentices working in the construction industry. This submission is being made in response to that application.

BACKGROUND

The first SEO in the construction sector was introduced four years after the striking down of REAs by the Supreme Court in 2013. Prior to their striking down, REAs existed in the industry for decades. The absence of a legally binding mechanism for setting wages in the industry in the period from 2013 to 2017, together with an extremely severe recession and low levels of construction activity, resulted in a general reduction in hourly rates nationally. Depending on the availability of work, many contractors and their employees negotiated hourly rates downwards to ensure the survival of the business and continuity of employment.

From 2016 onwards, the industry was beginning to emerge from recession. CIF applied to the Labour Court for an SEO towards the end of 2016 in an attempt to re-introduce a mechanism for setting legally binding rates of pay and terms and conditions of employment in the sector.

The first SEO in the sector, S.I. No. 455/2017 SEO (Construction Sector) 2017, was introduced in October 2017. This SEO introduced a legally binding hourly rate of €18.93 for craft workers. This rate represented an increase of 10% for those craft workers in receipt of the old REA rates, and a significantly higher increase for workers who had negotiated new rates of pay with their employers.

The ICTU applied for a new SEO in December 2018. Following this application, SI 234/2019 was introduced which provided for increases in pay of 5.4%, to be paid in two moieties. The first increase of 2.7% was applied on 1st October 2019 and the second increase of 2.7% was applied on 1st October 2020.

The third SEO was signed into law in November 2021. This SEO, SI 598/2021, was an amendment of the previous SEO and provided for an increase in pay of 2.8% on 1st February 2022, and a further increase of 2.8% on 1st February 2023.

The current SEO, SI 207/2023, amended the previous SEO and provided for an increase in pay of 1.9% in September 2023 and a further increase of 3.5% is due to be applied on 5th August 2024.

INTRODUCTION

CIF is supportive of SEOs. They are beneficial to the industry in that they enable contractors to tender for work on a level playing field. Labour and materials are the main cost elements included in a tender. Where labour costs are set, contractors can tender for work in the knowledge that their competitors are also bound by the labour costs associated with the SEO. A competitive advantage is found by investing in training, new technologies, innovation, etc. SEOs also provide good rates of pay and terms and conditions of employment for construction workers. These conditions ensure that construction workers remain in the industry, and they also serve to entice new entrants into the sector.

The next increase due under the current SEO is of 3.5% on 5th August 2024. While we acknowledge the unions' right to make an application for a new SEO, and while we acknowledge the timeframe and procedures set out in the 2015 Act, our members do not expect any further increases in remuneration until August 2025 at the earliest.

The application by ICTU on 29th April 2024 for a new SEO was made prior to the final increase in pay being applied under the current SEO. Contracts priced for 2024 and 2025 are based on the current SEO only. Contracts are generally awarded on a fixed-price basis and, therefore, increased costs are not recoverable.

Over the past 3 years i.e. 2022, 2023 and 2024, workers in the industry have received increases in pay of 11%. This figure includes the increase due on 5th August 2024 of 3.5%. In 2023 alone, an increase in pay of 4.7% was applied to address the high level of inflation at that time. As predicted, inflation has reduced substantially, at the time of writing inflation is 2.6% approximately and it is expected to reduce further.

CIF's Proposal on Increases in Pay, Pensions and Sick Pay

The industry is based on a system of tendering and contracting. Labour costs are a substantial component in pricing/tendering for work. Depending on the size of the project, the timeframe between the pricing of a project to being awarded the project to the commencement of work can be substantial. Certainty with regard to labour costs is, therefore, essential to ensure that costs can be absorbed in the tender price.

The next increase in labour costs of 3.5% under the current SEO is due to be applied on 5th August 2024. No further increases are expected until at least August 2025. CIF is, therefore, recommending that the hourly rates of pay set out in the current SEO are included in a new SEO, with increases in these rates to be applied on 4th August 2025 (2.2%) and 3rd August 2026 (2%).

CIF also recommends that the pension contributions set out in the current SEO are included in a new SEO, with increases in these contributions being applied in line with our recommendation on increases in pay.

CIF also recommends that the employer contribution under a Sick Pay Scheme is increased to €2.37 per worker per week.

The proposals set out above are elaborated on further in Part 2 of this submission.

This submission is structured on the following basis:

Part 1 Sections 15 and 16 of the Industrial Relations (Amendment) Act 2015.

Part 2 (a) Submission in relation to increases in pay, pensions and sick pay to be included in a new SEO for the sector.

 (b) Submission in relation to the objection to the inclusion of travel allowances in a new SEO for the sector.

Part 3 Economic argument in support of Part 2.

PART 1

INDUSTRIAL RELATIONS (AMENDMENT) ACT 2015

Introduction

CIF is supportive, in principle, of a mechanism that sets pay and conditions of employment for construction workers.

Following the collapse of the REA system in 2013, and the introduction of the Industrial Relations (Amendment) Act in 2015, CIF applied for the first SEO in the construction sector in 2016. The 2015 Act re-established a mechanism for setting pay and conditions of employment for construction workers. Labour and material costs form a substantial portion of any project, and an ability to tender on a level playing field with regard to labour costs is essential in an industry where competition for work is intense.

Since the introduction of the first SEO in 2017, three further SEOs have been introduced following applications to the Court by ICTU. The current SEO, S.I. No 207 of 2023, was signed into law by the Minister of State at the Dept of Enterprise, Trade and Employment in April 2023 setting out increases in pay effective from 18th September 2023.

s.15 (1)(a) – Substantially Representative

In accordance with the report by the Nevin Research Institute, which was included with the unions' application, CIF accepts that the applicants are substantially representative of craft workers, apprentices and general operatives in the construction sector.

s.15((1)b) – Universal Applicability

CIF accepts that the application submitted by ICTU refers to all craft workers, apprentices and general operatives employed in the construction sector.

s.15(1)(c) – Normal and Desirable Practice / Expedient to have Separate Terms & Conditions for Construction Workers

It is normal and desirable practice to have terms and conditions relating to remuneration, pensions and sick pay applied to all craft workers, apprentices and general operatives in the construction industry. These workers are currently covered by the SEO (Construction Sector) 2023.

In the period from 1967 to 2013, the terms and conditions of employment for workers in the construction sector were covered by the Registered Employment Agreement (Construction Industry Wages & Conditions of Employment). This REA was varied on 25 occasions prior to it being struck out by the Supreme Court in 2013.

Following the introduction of the Industrial Relations (Amendment) Act 2015, which re-introduced a mechanism for setting terms and conditions in a sector, general construction workers have been covered by four SEOs – in 2017, 2019, 2021 and 2023.

Therefore, with the exception of four years between 2013 and 2017, a system for setting pay and conditions for craft workers, apprentices and general operatives has existed in the construction industry for more than five decades.

The industry is labour intensive and due to their universal application, SEOs provide a level playing field for contractors when tendering for work. SEOs also provide good rates of pay and terms and conditions of employment for workers in the industry, SEOs, therefore, contribute towards attracting new workers which is essential for the sustainability of the industry.

s.15(1)(d) – Harmonious Relations Between Workers and Their Employers

An SEO that sets legally binding rates of pay, pension and sick pay contributions for all construction workers will undoubtedly make a substantial contribution towards ensuring harmonious relations between employers and workers in the sector. Workers in the sector are transient by nature and tend to move from employer-to-employer as work dictates. An SEO will ensure that all workers, regardless of employer, will be entitled to the same terms and conditions of employment. An SEO that sets an entitlement to pay and conditions of employment in a Statutory Instrument will, therefore, eliminate disputes on these issues between individual workers and their employers.

It is essential in an industry that employs substantial numbers of workers that all workers are entitled to the same rates of pay, and terms and conditions of employment. A construction site can comprise of a number of different employers. An SEO ensures that all workers, regardless of their employer, are entitled to the same terms and conditions of employment. An SEO, therefore, assists in the promotion of harmonious relations between workers and their employers in the industry.

S.16(2)(a) – Potential Impact on Levels of Employment and Unemployment

Employment levels in the sector are determined by the level of work available. As the economy grows there will be a greater need for new entrants. A sector that provides good quality employment, with decent and sustainable rates of pay and conditions of employment will entice new entrants into the apprenticeship system.

New workers will be required to meet the targets set out in the National Development Plan, the Housing for All scheme and the Climate Action Plan.

The absence of legally binding rates of pay and conditions of employment will provide those contractors from outside the State, who have a lower cost base, with a competitive advantage over Irish construction employers. An SEO will ensure that all construction firms, including those from outside the State, can tender for work on a level playing field. This is particularly important for contractors operating in the border counties who face competition from Northern Irish firms.

An SEO that sets legally binding rates of pay and conditions of employment will ensure that the current high levels of employment in the sector can be maintained. It will also assist in attracting new workers into the sector.

s.16(2)(b) – Relevant National Agreements in Existence

In addition to the current SEO in place for general construction workers, two other industrial relations agreements are in place to cover electrical and mechanical workers who are not covered by the construction SEO. These agreements provide for the following:

(a) Mechanical Engineering & Building Services

S.I. No 59/2018 – Sectoral Employment Order (Mechanical Engineering Building Services Contracting Sector) 2018 was quashed by the High Court in October 2023 following a challenge taken by an organisation outside the sphere of the CIF.

There are two unions involved in the sector – Connect Trade Union and Unite the Union. These two unions served separate pay claims on the Mechanical Engineering & Building Services Contractors Association (MEBSCA) in 2023. MEBSCA is a constituent Association of the CIF. While negotiated separately, and following a Labour Court Recommendation in connection with the claim served by Unite, the following increases in pay were agreed with both unions for the benefit of all relevant workers employed by MEBSCA members:

1 st January 2023	an increase in hourly rates of 2.8%
18 th September 2023	an increase in hourly rates of 3.5%
5 th August 2024	an increase in hourly rates of 1.9%

To resolve potential industrial action in the sector, and broadly in accordance with LCR22798, the following increases were negotiated with Unite:

1 st December 2024	an increase in hourly rates of 1.5%
5 th August 2024	an increase in hourly rates of 3%

(agreement with Unite to expire on 31st May 2026).

(c) Electrical Contracting Sector

Electricians employed in the electrical contracting sector were covered by the SEO (Electrical Contracting Sector) 2021. This SEO was struck out by the High Court in October 2022 following a challenge taken by an organisation outside the sphere of the CIF.

The Electrical Contractors Association (a constituent Association of the CIF), the Association of Electrical Contractors Ireland and Connect Trade Union are parties to the Electrical National Joint Industrial Council (ENJIC). A pay agreement was reached at the ENJIC in 2023 to provide for the following increases in pay:

1 st February 2023	An increase in hourly rates of 2.8%
1 st October 2023	an increase in hourly rates of 2.7%
1 st June 2024	An increase in hourly rates of 2.7%

(agreement expires 31st August 2025)

(d) Public Sector Pay Agreement 2024 - 2026

The new agreement in the public sector provides increases in pay of 10.25% for the period from 1st January 2024 to 30th June 2026. Craft workers and general operatives employed by Local Authorities are covered by the terms of this new agreement. The agreement provides for the following pay increases:

1 st January 2024	2.25%
1 st June 2024	1%
1 st October 2024	1%

1 st March 2025	2%
1 st August 2025	1%
1 st September 2025	1%
1 st February 2026	1%
1 st June 2026	1%

s.16(2)c) – Potential Impact on Competitiveness

The tendering process whereby contractors tender to the principal contractor, or directly to the client, for work contributes to intensifying competition between contractors. The absence of legally binding terms and conditions of employment for workers employed in the sector would undoubtedly lead to an erosion of the quality of employment conditions in the sector as competition between contractors to win work intensifies. Where intense competition for work exists, the cost of investing in training is critically examined by employers. An SEO that sets legally binding labour costs eliminates the opportunity to erode employment conditions as a means of securing projects.

Activity in the sector will increase to meet the targets set out in Project Ireland 2040 – the National Planning Framework, Housing for All and the National Climate Action Plan. Investment in new technologies, training and health and safety will be required to ensure the sector can continue to deliver a high-quality product. Where labour is taken out of competition, investment in new technologies and training provides contractors with a competitive advantage when tendering for work.

S.16(2)(d) – Level of Remuneration in Other Sectors

New Public Sector Pay Agreement – January 2024 – June 2026

Rates of pay for craft workers and general operatives employed by Local Authorities are based on a scale of 13 points (see below).

Local Authorities Rates from 1st January 2024

	Start	Mid-Point	Top
Craftworker	€19.07	€20.64	€22.22
Craftworker’s Mate	€15.92	€17.09	€18.24
General Operative (outside Dublin)	€16.12	€17.19	€18.23

s.16(2)(e) – SEO Binding on All Workers

The CIF is supportive of an SEO that ensures that all craft workers, apprentices and general operatives employed in the sector are covered by the terms of the SEO.

s.16(4)(a) – Harmonious Relations / Avoidance of Industrial Unrest

See also submission in respect of s.15(1)(d) (page 6) regarding the promotion of harmonious relations between workers and employers.

The current SEO provides a mechanism for resolving disputes that may arise at local level or national level. This procedure has undoubtedly contributed towards industrial peace and the avoidance of industrial unrest in the sector.

The industry employs substantial numbers of construction workers. It is essential that clients and investors have confidence in the industry's ability to resolve any disputes that may arise in an orderly manner. A disputes resolution procedure that is binding on employers and workers is essential in ensuring that clients, including multi-nationals, who are considering investing in Ireland can do so in the knowledge of good industrial relations practices.

s.16(4)(b)(i) – High Standards of Training and Qualification

The setting of legally binding rates of pay and conditions of employment creates a level playing field in terms of labour costs when tendering for work. This in turn eliminates the opportunity to erode employment conditions as a means of undercutting a competitor to secure a project.

Where labour costs are set for every employer in the sector, construction firms must look to gain a competitive advantage elsewhere when tendering for projects. This will lead to investment in new technologies, training and health and safety.

s.16(4)(b)(ii) – Fair and Sustainable Rates of Remuneration

The industry values its workforce and construction workers are well paid. The REAs in the sector, and the subsequent SEOs, have ensured that construction workers continue to be well paid and not out of line with other workers in the economy in terms of pay. Long before the introduction of the Sick Leave Act, and any discussion on auto-enrolment, mandatory pension and sick pay schemes have been in place for construction workers for decades.

It is essential, however, that remuneration and pension contribution rates are set at realistic and sustainable levels. While the predictions for the industry are positive, the industry is facing a number of serious challenges which, if not managed appropriately, could threaten the survival of many companies. These challenges include the continued disruption caused by Brexit, a general global slowdown - particularly in China, tensions in the Middle East and the Russian-Ukraine conflict.

There is grave concern amongst our members that the trade union side is ignoring these very serious challenges in pursuit of substantial increases in pay. Seeking substantial increases in pay could threaten the survival of many firms who are locked into fixed priced contracts and, therefore, have no recourse to recover increased costs. We have expanded on these challenges in economic arguments set out in Part 3 of this submission.

PART 2

CIF'S SUBMISSION ON THE CONTENT OF A NEW SEO

1. DEFINITIONS

Class, type or group of workers to whom the SEO is to apply:

Persons employed in the construction sector as craft persons, construction operatives and apprentices.

For the purposes of this submission, a worker to whom an SEO has application is defined as any person aged 15 years or more who has entered into or works under a contract with an employer (including through an employment agency within the meaning of the Employment Agency Act, 1971 and/or the Protection of Employees (Temporary Agency Work) Act, 2012), whether the contract be for manual labour or otherwise, whether it be expressed or implied, oral or in writing, and whether it be a contract of service or of apprenticeship or a contract personally to execute any work or labour. For the purpose of this definition, apprentice and apprenticeship has the same meaning as it has in the Industrial Training Act, 1967.

Definition of the Sector:

The sector to which a new SEO should have application is defined as the sector of the economy comprising the following economic activity:

- The construction, reconstruction, alteration, repair, painting, decorating, fitting of glass in buildings and demolition of buildings;
- The clearing and laying out of sites for buildings, the construction of foundations of such sites, the construction, reconstruction, repair and maintenance within such sites of all sewers, drains and other works for use in connection with sanitation of buildings or the disposal of waste;
- The construction, reconstruction, repair and maintenance on such sites of boundary walls, railings and fences for the use, protection or ornamentation of buildings, the making of roads and paths within the boundaries of such sites;
- The manufacture, alteration, fitting and repair of articles of worked stone (including rough punched granite and stone), granite, marble, slate and plaster;
- The construction, reconstruction, alteration, repair, painting, decoration and demolition of roads, paths, kerbs, bridges, viaducts, aqueducts, harbours, docks, wharves, piers, quays, promenades, landing places, sea defences, airports, canals, waterworks, reservoirs, filter beds, works for the production of gas or electricity, sewerage works, public mains for the supply of water or the disposal of sewerage and all work in connection with buildings and their sites with such mains; rivers works, dams, weirs, embankments, breakwaters, moles, works for the purpose of road drainage or the prevention of coastal erosion, cattle markets, fair grounds, sports grounds, playgrounds, tennis-courts, ball alleys, swimming pools, public baths, bathing places in concrete, stone tarmacadam, asphalt or such like material, any boundary walls, railings, fences and shelters erected thereon;

- The painting or decoration of poles, masts, standard pylons for telephone, telegraph, radio communication and broadcasting;
- Ground levelling, ground formation or drainage in connection with the construction or reconstruction of grass sports grounds, public parks, playing fields, tennis-courts, golf links, playgrounds, racecourses and greyhound racing tracks.

Categories of Worker:

In accordance with section 16(5)(a) of the 2015 Act, CIF requests that a new SEO in the sector provides for the following categories of worker:

A basic minimum rate of pay to apply to all skilled General Operatives who have worked in the sector for more than 2 years - **Category B Worker**

In accordance with section 16(5)(b) of the 2015 Act, two higher hourly rates of basic pay as follows:

- (1) A higher hourly rate of pay to apply to Scaffolders who hold an Advanced Scaffolding Card and who have 4 years' experience; Banks Operatives, Steel Fixers, Crane Drivers and Heavy Machine Operators - **Category A Worker**

And

- (2) A top hourly rate of pay to apply to Craft Persons in the following trades:

Bricklayers/Stone Layers
Carpenters and Joiners
Floor Layers
Glaziers
Painters
Plasterers
Stone Cutters
Wood Machinists
Slaters and Tilers

A basic hourly rate of pay to apply in accordance with section 16(5)(c)(ii) of the 2015 Act to General Operatives who enter employment for the first time after attaining the age of 18 years and for two years after entering employment in the industry – **New Entrant Worker**

In accordance with section 16(5)(d) of the 2015 Act, a minimum hourly rate of pay to apply to apprentices.

2. CIF SUBMISSION ON RATES OF PAY

CIF submit that the following hourly rates are provided in a new Sectoral Employment Order:

Hourly Rates of Pay Effective Immediately to 3rd August 2025:

Craft Worker	€22.24 per hour
Category A Worker	€21.59 per hour
Category B Worker	€20.03 per hour
New entrant Worker	€16.19 per hour
Apprentice	Year 1 – 33.33% of craft rate
	Year 2 – 50% of craft rate
	Year 3 – 75% of craft rate
	Year 4 – 90% of craft rate

Hourly Rates of Pay - Effective from 4th August 2025 to 2nd August 2026 (an increase of 2.2%):

Craft Worker	€22.73 per hour
Category A Worker	€22.06 per hour
Category B Worker	€20.47 per hour
New entrant Worker	€16.55 per hour
Apprentice	Year 1 – 33.33% of craft rate
	Year 2 – 50% of craft rate
	Year 3 – 75% of craft rate
	Year 4 – 90% of craft rate

Hourly Rates of Pay – Effective from 3th August 2026 (an increase of 2%)

Craft Worker	€23.18 per hour
Category A Worker	€22.50 per hour
Category B Worker	€20.88 per hour
New entrant worker	€16.88 per hour

Apprentice	Year 1 - 33.33% of craft rate
	Year 2 – 50% of craft rate
	Year 3 – 75% of craft rate
	Year 4 – 90% of craft rate

3. DAILY AND WEEKLY HOURS OF WORK

CIF submits that the following working hours and overtime payments are provided in a new SEO:

Weekly Working Hours

- The normal working week should consist of 39 hours worked between Monday and Friday each week.
- Normal daily working hours should consist of four days of eight consecutive hours of work undertaken between 7am (normal starting time) and 5pm (normal finishing time) Monday to Thursday inclusive, and one day of seven consecutive hours of work between 7am (normal starting time) and 4pm (normal finishing time) on Friday.

Overtime

The following premium rates should apply in respect of overtime working:

Monday to Friday	From normal finishing time to midnight	Time plus a half
Monday to Friday	From midnight to normal starting	Double time
Saturday	(1) The first four hours from normal starting time (2) All subsequent hours until midnight	(1) Time plus a half (2) Double time
Sunday	All hours worked	Double time
Public holidays	All hours worked	Double time plus an additional day's leave

4. PENSION & DEATH-IN-SERVICE CONTRIBUTIONS

CIF submit that every employer employing workers to whom the Order applies should have in place a pension scheme that provides pension and death in service benefits for each employee covered by the Order.

Unlike other sectors of the economy, mandatory pension contributions have been in place in the construction industry for decades. It is the Government's objective to introduce auto-enrolment next year. AE will place an obligation on employers and employees to contribute towards a pension scheme based on a percentage of the employee's earnings. Pension contributions in the construction industry are based on a set weekly amount, regardless of an individual's weekly earnings. The total contribution is approx. 6.5% of the average basic weekly pay. Pension contributions in the construction industry

will exceed the terms of AE for a number of years after the introduction of auto-enrolment. In time, it will be necessary to review pension provision in the construction industry to ensure it is not out of line with AE. CIF is firmly of the view that now is not the time to consider moving towards making pension contributions on an individual basis. The most appropriate time will be when AE is embedded in the economy and the benefits of contributing towards a pension are evident.

CIF submit that the following pension contributions are provided in a new Sectoral Employment Order:

Pension Contributions – Effective Immediately to 3rd August 2025

Employer daily rate	€6.16 (weekly - €30.82)
Employee daily rate	€4.11 (weekly - €20.57)
Total contribution daily per employee	€10.27
Total contribution weekly per employee	€51.39

Pension Contributions – Effective from 4th August 2025 to 2nd August 2026 (an increase of 2.2%)

Employer daily rate	€6.30 (weekly - €31.50)
Employee daily rate	€4.20 (weekly - €21.02)
Total contribution daily per employee	€10.50
Total contribution weekly per employee	€52.52

Pension Contributions – Effective from 3rd August 2026 (an increase of 2%)

Employer daily rate	€6.43 (weekly - €32.13)
Employee daily rate	€4.29 (weekly - €21.44)
Total contribution daily per employee	€10.72
Total contribution weekly per employee	€53.57

Death-in-Service Contributions – Effective Immediately

Employer daily rate	€0.23 (weekly - €1.17)
Employee daily rate	€0.23 (weekly - €1.17)
Total contribution daily per employee	€0.46

Total contribution weekly per employee €2.34

Terms Covering Pension Benefits

CIF requests the Court to provide that every employer employing workers to whom the Sectoral Employment Order applies shall participate in a pension scheme that meets the pension requirements set out hereunder.

Pension Scheme Structure

The pension scheme should include the following features and benefits:

1. The SEO pension scheme should be an Occupational Pension Scheme which is registered with and regulated by the Pensions Authority.
2. Recognising the flexible nature of employment across employers within the construction sector and related industries (the Sector), the SEO pension scheme should be established as a multi-employer scheme open to all employers in the Sector.
3. Whilst a member remains employed within the Sector, members should be able to have a single individual pension account within the SEO pension scheme thereby enabling successive employers of the member to contribute to the member's account provided the employer has joined itself to the SEO pension scheme.
4. Where an employee member leaves service of an employer, the contributions which have been paid by the employee and the employer in respect of the member will be retained in full within the SEO pension scheme in the individual account of that member.
5. The rules of an SEO pension scheme should not permit a member to take a refund of their own contributions prior to reaching retirement age.
6. Bodies that are representative of both employers and unions involved in the Sector must appoint the members of the SEO pension scheme trustee. The constitution of the Trustee Board should also include representatives of both employers and employees in the Sector.
7. In addition to providing pension benefits, an SEO pension scheme must also provide an additional Death in Service benefit with members covered for this benefit upon joining the scheme.

8. An existing pension scheme at the time the SEO comes into force may qualify as an SEO pension scheme provided it complies with the terms of the SEO or is adapted to so comply.
9. An SEO pension scheme must disclose and publicise information about the pension scheme's charges and who bears them. There must be full transparency of charges and this information should be disclosed in the scheme's Trustee Annual Report as well as provided to each member when joining. The total annual charges borne by members should be disclosed and must include all administration costs, Trustee costs, distribution costs, fund management costs, actuarial, accounting, legal and auditing fees and all other charges incurred by the SEO pension scheme.

10. Scheme Design

The terms and conditions applying under an SEO pension scheme and benefits to be provided must be at least as great as that described below.

10.1 Eligibility

An SEO pension scheme must at least provide for an employee of a participating employer in the Sector to be eligible for membership of the scheme provided they have attained age 18 but not yet attained age 65.

10.2 Relevant Pension Contributions

Employers and their employees working in the construction sector and related industries (the Sector) must contribute to an SEO pension scheme.

Contributions should be remitted by employers to an SEO pension scheme in accordance with all relevant pension and other legislative requirements.

10.3 Pension Benefits

- a) Members' pension benefits within an SEO pension scheme should be based on the full value of their individual pension funds and there should be no deductions from the contributions paid or when the funds are drawn down.
- b) The Trustees of the Scheme will invest each member's pension contributions and these along with the investment returns declared, net of charges, will determine the value of the member's pension fund.

10.4 Retirement

Normal Retirement Age shall be age 65. However, a member may be permitted to retire from age 60 (at the discretion of the scheme trustee). When a member

retires, he or she should be able to choose from a range of options based on their entire fund value in line with applicable pension and tax legislation. One of the options which must be available is the provision of a pension for life for the member.

10.5 Death in Service Benefits

- a) Every employer to whom the SEO applies must participate in an SEO pension scheme that provides death in service benefit for the deceased member's dependants. The death in service benefit should be in addition to the benefits provided for the dependants based on the full value of the member's pension fund.
- b) Provided the employee has completed a once-off initial qualifying contribution period, inclusion for death in service benefits shall be automatic on becoming a member of the SEO pension scheme, without medical underwriting or by reference to any previous medical conditions of the member. In the event of the member moving to another participating employer within the Sector, the member should not be required to complete any further qualifying period in order to be covered for death in service benefits.
- c) Death in Service Contributions will form part of the overall contribution rate of an SEO pension scheme with a portion payable by both the member and employer in addition to the pension contributions.
- d) Contributions should be remitted by employers to an SEO pension scheme in accordance with all relevant pension and other legislative requirements.
- e) If a member had met the requirements for the full lump sum death in service benefit, but then leaves service and dies within four weeks of doing so without being re-employed in the Sector, the SEO pension scheme should provide a modified lump sum benefit in addition to the value of their pension account.
- f) Death in Service benefits should be payable regardless of cause or timing of death, so long as the member meets the qualification conditions for inclusion for Death in Service benefits as set out above.

5. SICK PAY CONTRIBUTIONS

CIF submits that every employer employing workers to whom the Order applies should have in place a sick pay scheme for each employee covered by the Order.

CIF submit that the following sick pay contributions are provided in a new Sectoral Employment Order:

Sick Pay Contributions – Effective Immediately

Employer	€2.37
Employee	€0.63
Total Contribution	€3.00

Sick Pay Scheme Structure

CIF requests the Court to provide that a sick pay scheme should include the following features and benefits.

Sick Pay Scheme Structure

1. An SEO Sick Pay Scheme should be a funded arrangement with contributions held in Trust and independently administered and managed. An SEO Sick Pay Scheme should facilitate participation by multiple employers to reflect the flexible nature of employment within the Sector.
2. The main purpose of an SEO Sick Pay Scheme is the provision of benefits for every worker for periods of illness or injury while in the employment of employers to whom this SEO applies.
3. The Sick Pay Benefit should be paid to each employee without the need for underwriting or reference to previous medical conditions. Entitlement to Sick Pay Benefits should be unaffected and uninterrupted as employees transfer from one employer to another within the Sector.
4. The Sick Pay Benefits provided by an SEO Sick Pay Scheme should be in addition to any sickness, illness or invalidity benefits payable by the State through the social insurance system.

Sick Pay Conditions & Benefits

5. Inclusion for Sick Pay Benefits will be automatic on becoming a member of an SEO Sick Pay Scheme. No charges should be incurred by either employers or members for Sick Pay benefit provision, other than the relevant contributions required to provide the benefits.
6. Sick Pay Contributions
 - a) An SEO Sick Pay Scheme should be a contributory sick pay scheme with contributions payable by both employers and employees.
 - b) A member shall not lose accrued Sick Pay Benefit rights or entitlements as a result of changing employment within the Sector as accrued service will transfer to the next employer to whom the SEO applies.

- c) Employers who fail or neglect to make the authorised deduction shall be liable for the total contribution required to ensure that the worker's Sick Pay Benefits are maintained in full for the period of service with them.

7. Relevant Benefits

- a) An SEO Sick Pay Scheme shall provide for the payment of a standard Sick Pay Benefit for a specified duration and the benefit and duration should be disclosed to participating employers and members.
- b) An SEO Sick Pay Scheme may include a waiting period during which a member would not be entitled to any benefit from the scheme whilst initially absent due to illness or injury. This waiting period should not exceed the first five working days of disability.
- c) An SEO Sick Pay Scheme should facilitate continuity of Sick Pay Benefit from the Scheme from the first working day of disability where a claimant has returned to work for a period of two working days or less. This is provided that the sick pay entitlement from the scheme has not been exhausted by reference to the duration limitations referenced earlier.
- d) An SEO Sick Pay Scheme should facilitate provision of a Supplementary Sick Pay Benefit if the claimant has no entitlement to Social Welfare benefit due to inadequate number of Social Welfare contributions.
- e) An SEO Sick Pay Scheme may set appropriate limitations on the maximum duration for which a Sick Pay Benefit may be payable. These must be clearly documented and disclosed to participating employers and members. The maximum duration under an SEO Sick Pay Scheme should not be any lower than a period of 10 weeks in any calendar year, whether for a single claim or in aggregate in a scheme year.

5. **DISPUTE RESOLUTION PROCEDURES**

CIF submit that the following dispute resolution procedure is provided in a new SEO in the sector:

If a dispute occurs between workers to whom the SEO relates and their employers, no strike or lock-out, or other form of industrial action shall take place until the following procedures have been complied with. All sides are obliged to fully comply with the terms of this disputes procedure:

Individual Dispute

- a) The grievance or dispute shall in the first instance be raised with the employer at local level with a requirement to respond within 5 working days. Notice in writing of the dispute shall be given by the individual concerned or his trade union to the relevant organisation representing employers or to the employer directly.
- b) If the dispute is not resolved it shall be referred to the Adjudication Service of the WRC.

- c) Either party can appeal the outcome of the Adjudication Hearing to the Labour Court.

Collective Dispute

- a) The grievance or dispute shall be raised in the first instance with the employers with a requirement to respond within 5 working days. Notice in writing of the dispute shall be given by the workers concerned or their trade union to the relevant organisation representing employers or to the employer directly.
- b) If the dispute is not resolved the issue shall be referred to the Conciliation Service of the WRC.
- c) If the issue remains unresolved, it shall be referred to the Labour Court for investigation and Recommendation.

6. TRAVEL ALLOWANCES

CIF is strongly opposed to travelling allowances being introduced in an SEO for the following reasons:

- (a) The introduction of one hour's travelling allowance per day represents an increase in pay of 12.8%.
- (b) No other sector in the economy is obliged to pay a travelling allowance.
- (c) For the past 11 years no legally binding travel allowances have existed in the industry.
- (d) The former Registered Employment Agreement for the Construction Industry contained a clause on travel allowances to apply in the urban areas of Dublin, Cork, Limerick, Waterford and Galway. Outside of the Dublin City area all other travel agreements were conditional. There was no provision for travel allowances outside the urban areas.
- (e) In the urban areas of Cork, Limerick, Waterford and Galway a series of conditions were attached to the agreements which meant that in the latter years of the REAs the majority of workers working on construction sites in these city areas were not entitled to a travel allowance. An example of the conditions attached to the various travel agreements included the clause in the Limerick Travel Agreement which stated that operatives were only entitled to a travel payment where they were sent outwards to work, in other words they had to move from city centre sites out to other sites in order for the travel payment to apply.
- (f) As these cities grew, other conditions, such as the clause in the Waterford City Travel Agreement which mentioned the old city boundary and the new city boundary, meant that effectively on the majority of construction sites in Waterford city no travel payment was made. In Galway and Cork similar conditions arose with the result that travel was only paid on large pharmaceutical projects.
- (g) The striking down of the REA in 2013 resulted in the discontinuation of travelling allowances being paid to the majority of workers, including those in Dublin.

- (h) The original intention of the travel agreement in urban areas was to compensate workers who had to pay bus fares to travel to sites throughout these cities. Travel allowances were introduced at a time when hourly rates of pay were at much lower levels. In the intervening time, pay has increased substantially. Construction workers are now regarded as well-paid workers.
- (i) Obliging construction employers who are based outside the main urban areas to pay a travelling allowance, where travel was never paid in the past, would place an additional financial burden on contractors which could have the potential of threatening the very survival of many companies.

It is, therefore, the case that the payment of travel allowances in the construction industry has been consigned to history. To introduce travelling allowances now would result in significant costs and place an undue financial burden on construction companies.

The current practice in the industry is that many contractors pay a subsistence allowance/country money, tax free, to workers who are transferred to sites which are over 20 miles from the contractors' base. This payment is €182 approx. (tax free) per week and is made in accordance with Revenue Commissioner Guidelines.

PART 3

Economic Considerations

Macroeconomic Outlook for 2024 and the Medium-term

Ireland's economy has remained resilient despite the level of global uncertainty that has existed in recent years. Economic activity under-performed slightly in the second half of last year, with the result that the economy began this year with less momentum than previously assumed by the Department of Finance in its Autumn 2023 forecast.

Ensuring competitiveness must become the key focus of the economy and construction industry in 2024. The CIF urges caution in terms of the unintended inflationary consequences of regulatory and policy decisions.

Unemployment levels are at an all-time low and employment is set to expand over the course of this year and next, though at a slower rate than last year. Inflation (on a harmonised basis) is set to average 2.1%, with a similar rate expected for next year.

While tax revenue remains strong and Modified Domestic Demand is forecast to grow this year and next, private consumption and total investment are forecast to weaken over the medium term, which precipitates pressure on existing services and infrastructure.

Macroeconomic and Labour Market Growth Forecasts 2023 - 2026

	2023	2024	2025	2026
Real MDD (% growth)	0.5	1.9	2.3	2.9
Real GDP (% growth)	-3.2	2.6	3.9	3.5
Real GNI*	1.8	2.0	1.9	2.4
Total Employment ('000)	2,685	2,735	2,775	2,845
Employment (% growth)	3.4	1.9	1.5	1.5
Unemployment (%)	4.3	4.6	4.7	4.7
Inflation (HICP)	5.2	2.1	2.1	2.0
General government Balance € bn	8330	8550	9735	8685
General government Balance % GNI*	2.9	2.8	3.0	2.6
General Government Debt € bn	220.7	220.8	223.2	226.4

Data Source: Dept. Finance

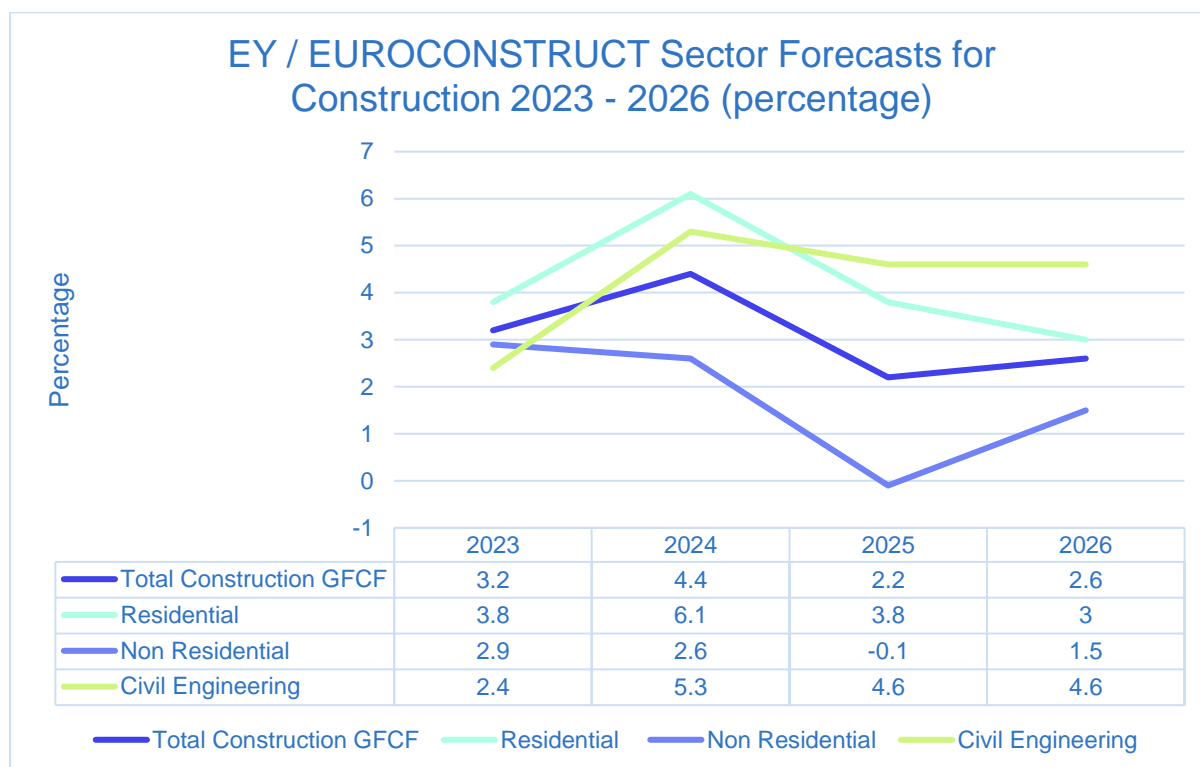
For economic growth to be sustained, investment momentum must be continued because Ireland is facing many significant challenges in the years ahead, including:

- A housing shortage and a congested planning system.
- Affordable clean energy, water, and wastewater.
- Facilitating the opportunities for green and digital transition.
- Active labour market integration and upskilling.
- An ageing population.
- Growing the circular economy; and
- Development and retrofit of climate resilient physical infrastructure.

Construction Growth Forecast

EY / EUROCONSTRUCT forecast that overall construction investment in Ireland will increase by 4.4% in 2024 and 2.2% in 2025.

The Irish construction forecast is in direct contrast to the wider European trend where construction activity is forecast to fall in 2023 and 2024 by -1.7% and -2.1% respectively on account of a range of influences – some sector specific and some geopolitical and economic.



Data source: EY / EUROCONSTRUCT

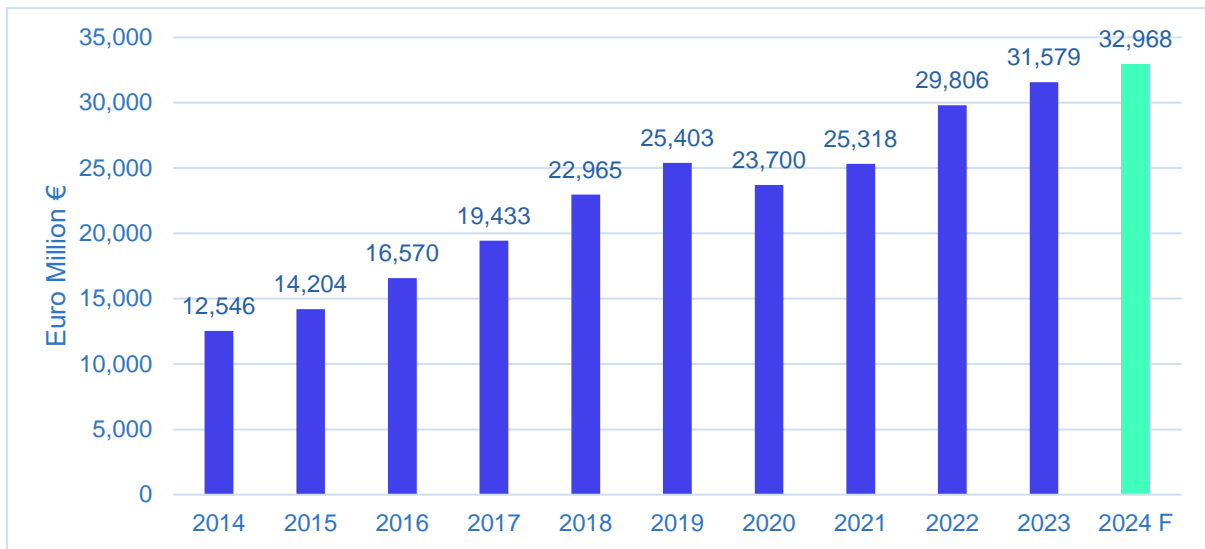
The medium-term forecast for construction growth shows a levelling out in terms of the percentage annual growth following the rebound in demand in 2022.

National accounts show that the official measure of construction investment, Gross Domestic Fixed Capital Formation (GFCF) in Building and Construction was valued by the Department of Finance at approximately €31.5 billion (in current prices) in 2023.

GFCF in Building and Construction 2019 – 2024(F)

	2019	2020	2021	2022	2023	2024 (F)
Domestic Construction GFCF at Current Prices (€ million)	25,403	23,700	25,318	29,806	31,579	32,966F
Domestic Construction GFCF at Constant Chain Linked 2021 Prices (€ million)	28,768	25,885	25,318	26,033	25,735	27,000 F

Gross Domestic Physical Capital Formation in Building and Construction 2014 - 2024 in Current Prices



Data Source: National Accounts CSO

The construction industry had a significant rebound in demand in 2022 (post- pandemic), which produced a 2022 bounce in GVA (+14%).

Real Gross Value Add (GVA) for the sector grew by to €10.7 billion in 2022. GVA is estimated to have reached approximately €11.7 billion in 2023, bringing the sector back in line with its pre-pandemic trend.

Gross Value Added in Construction 2012 – 2023 F

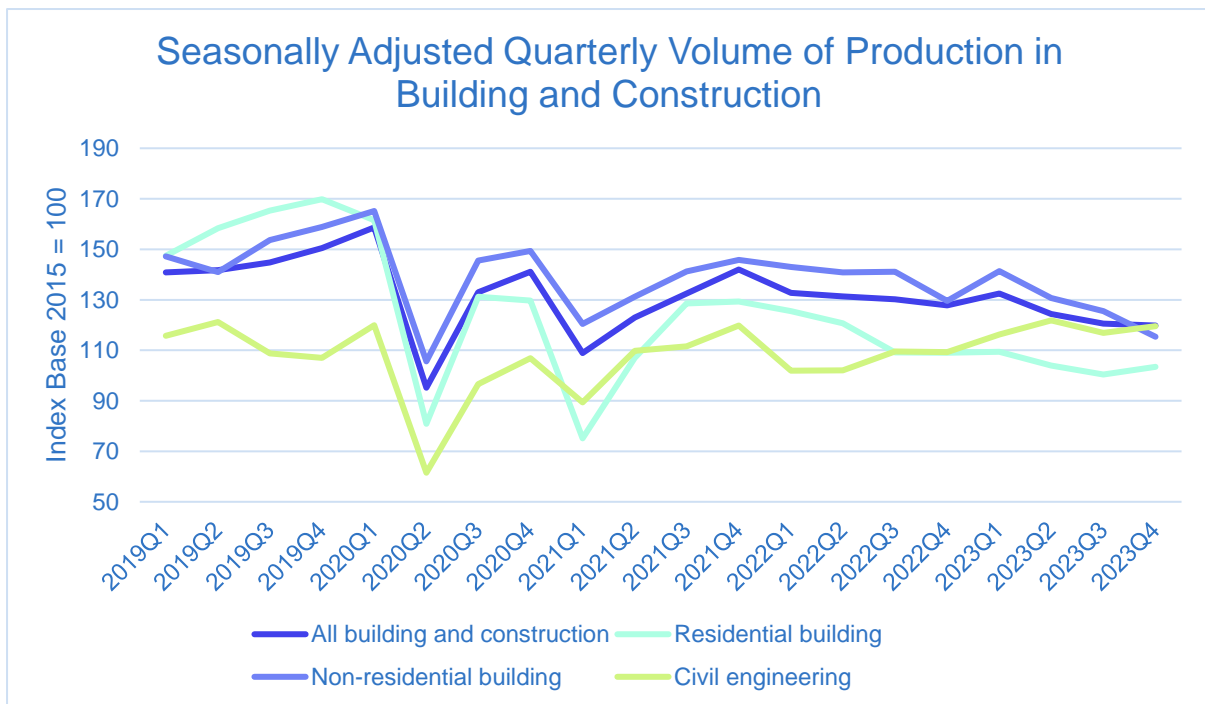


Data Source: National Accounts CSO

The volume of production in Building and Construction fell by 0.7% in Quarter 4 2023 when compared with Q3 2023, on a seasonally adjusted basis. On an annual basis, a decrease of 6.3% was recorded in the volume of production.

The seasonally adjusted volume index for the Non-Residential Building sector declined by 8.0% between Q3 2023 and Q4 2023. The volume in the Residential Building sector was up 3.1% in Q4 2023 when compared with Q3 2023. The seasonally adjusted volume index for the Civil Engineering sector rose by 2.4% between Q3 2023 and Q4 2023.

The seasonally adjusted value index for All Building and Construction was down by 0.4% on a quarterly basis and by 3.6% on an annual basis.



Source: CSO

Construction Labour Market Outlook

The most recent CSO data shows that the number of persons in employment increased across most economic sectors in the year to the end of Quarter 1 2024, notably in construction, which increased by 5.4% to 171,700 persons employed directly at the end of Q1 2024.

There is no doubt that the skills requirement over the next decade will be influenced by the outlook for the economy. Public investment under the NDP 2030 will remain an important stabiliser for construction demand and employment. It is likely that additional skilled employment is needed in the short term as the sector continues to grow.

While labour market capacity tends to be quite elastic in construction, it is important that short-term policy supports are considered in the current geopolitical and economic environment that may minimise labour market exits, and support the employer and employee, by investing in skills and by maximising firm survival rates through business supports.

The construction sector knows only too well that the cyclical nature of the industry can lead to extreme fluctuations in employment at any given point in time based on the underlying economy, however many of the skills needed over the coming decade will be the same as those required today.

Net inward migration continues to be the main driver of labour force growth since the pandemic. Non-Irish employment growth has accounted for almost 75% of the growth in the manufacturing and construction sectors since the pandemic. A unified approach that focuses on migration policy, labour activation policy and education and skills policy will help to ensure continued productivity in the sector into the future.



Data Source: CSO LFS 2023

Public Capital Investment

The €165 billion NDP represents the most ambitious programme of public capital investment ever seen in Ireland and all stakeholders agree that Ireland’s public infrastructure needs significant modernisation. Even so, there has been a significant degree of capital carryover since the NDP was launched and this is concerning to the CIF. Since 2021 capital carryover levels have decreased but remain substantial compared to pre-pandemic levels.

CAPITAL CARRYOVER PER ANNUM 2016 – 2023								
€ million	2016	2017	2018	2019	2020	2021	2022	2023
Capital Carryover	74	70	93	215	710	819	687	519
% share of total capital expenditure	1.9%	1.5%	1.5%	2.9%	7.2%	5.8%	6.3%	3.8%

Data Source: Dept. Finance and Dept. Public Expenditure & Reform

Our cities, provincial towns and regional communities require billions of investments in critical infrastructure under the National Development Plan to drive sustainable economic growth.

Unprecedented demographic growth and an ageing population will mean that Ireland’s demand for investment in critical infrastructure will grow exponentially, especially in housing and health.

However, both infrastructure and housing are stymied by our planning and judicial system which cannot deliver services in a timely or cost-effective manner.

It is essential that energy, water, broadband, public transport, ports and roads infrastructure through effective and efficient planning, are provided in a balanced but targeted regional basis, and underpinned by a delivery model that is built on the principle of putting the necessary infrastructure in first.

A significant deficit in regional infrastructure from water to wastewater services, and from roads to rail, is impacting the ability of the regions to grow and become an economic counterbalance to Dublin by creating balanced economic development as envisaged by the National Planning Framework.

Planning at the local and regional level has a considerable impact on the progress of infrastructure plans. The Government must address its own capacity constraints across Local Authorities, Regional Authorities and An Bord Pleanála – essential actors in the delivery of infrastructure.

The contracting environment has given rise to a reduced appetite for involvement in public procurement and an adversarial nature which forces contractors to focus on contract management rather than project delivery. It is in the country’s interest to have a strong construction industry, with a stable cost base, that can provide an engine for economic growth.

Sustained high levels of uncertainty and geopolitical instability have destabilised the European economy and led to an energy and supply chain crisis which in turn has led to a delay in the roll out of some NDP projects. This is extremely concerning and a continuation of delays in rolling out projects, or indeed the cancellation of projects, would have a detrimental effect on construction activity.

Competitiveness of the Construction Sector

It is important to highlight the trade, supply chain and contractual challenges that are continuing to impact on the competitiveness of the construction sector in 2024. The competitiveness of the construction sector has the power to reach into every community and life in Ireland through

investment in, and design, construction and maintenance of Ireland's social and productive infrastructure.

Global volatility is resulting in sustained supply chain and viability challenges. Though easing, the duration of inflation and rising prices remains somewhat uncertain. Slow economic growth and diverging levels of inflation across European Member States is a reality for the European Commission and EU Member States.

Overall construction investment in Ireland is forecast to increase by 4% in 2024. The residential, non-residential, and civil engineering sectors will continue to expand during 2024. With a growing policy emphasis on sustainable infrastructure development, the civil engineering sector will continue to be the backbone of the wider construction sector with strong growth forecast through to 2026.

Bearing the current global context in mind it is a priority for the wider built environment sector that contract conditions continue to attract the industry to bid for public projects. This will require investing in the resources necessary to bring the public procurement process and the Public Works Contract (PWC) in line with international norms, including fair and effective price variation mechanisms.

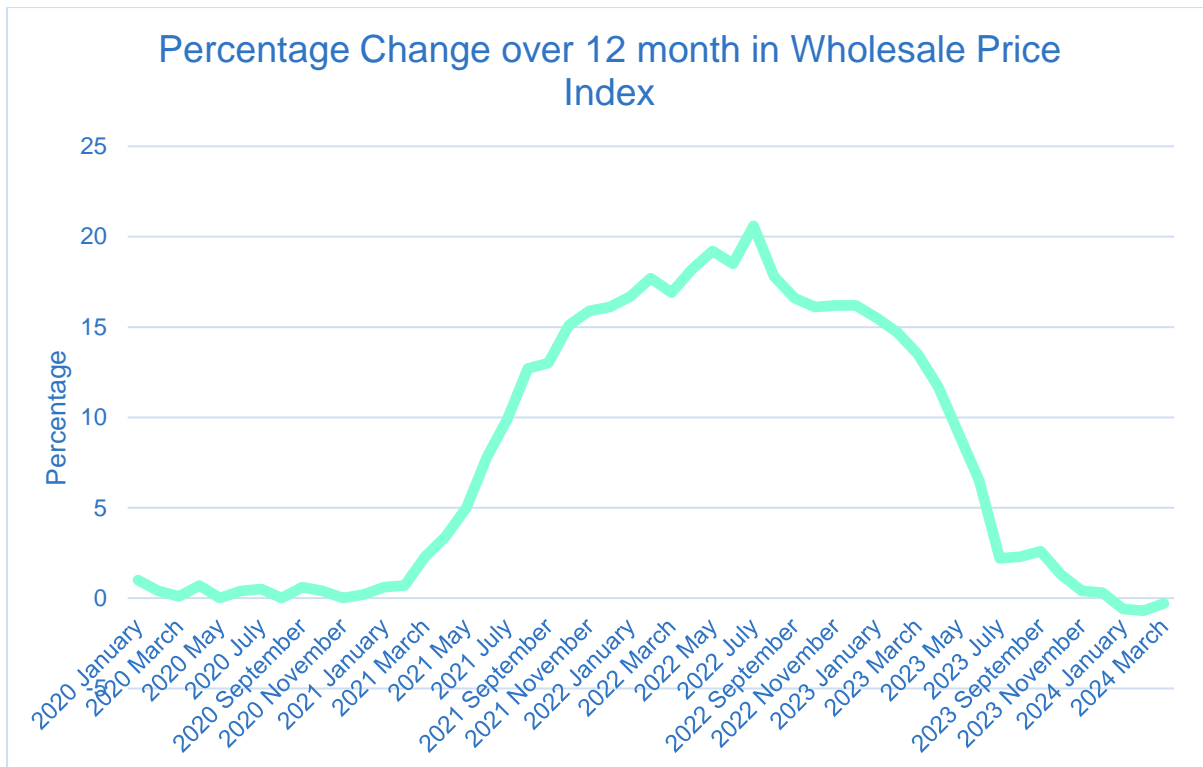
The fiscal challenges facing budgetary policy over the medium-term will continue to deepen as Ireland faces the costs of an ageing population and climate change.

Private consumption and total investment are forecast to weaken over the medium term, which precipitates pressure on existing services and infrastructure.

Timely implementation of the 'Recovery and Resilience Plan' is expected to contribute to making further progress on the green and digital transition. In addition, continued support of the priorities of the *Construction Sector Group (CSG)* will help to deliver a more collaborative, productive, agile and environmentally sustainable construction sector, greatly upskilled and enabled by innovation and digital adoption.

The work of the Construction Sector Group in the innovation space mirrors the policy plans of Government for the economy. The pandemic was transformative in many respects – and the focus on innovation, funded R&D and digital adoption has been, and will continue to be, at the heart of this transition for the construction sector.

It remains hugely positive to see significant progress being made by Government, Enterprise Ireland and the construction sector in this sphere since 2020 with the establishment of the Centre of Excellence for Digitalisation, the Construction Technology Centre to accelerate research and innovation within the construction and built environment sector based at NUIG, and the Demonstration Park for Modern Methods of Construction based at Mount Lucas.



Source: CSO WPI

Importance of Foreign Direct Investment

The importance to the construction industry of investment by the multi-national sector in Ireland cannot be over-stated. Continued investment by these firms during the recent recession ensured the survival of a substantial number of construction firms. It is essential that the construction sector remains competitive in order to attract further investment. The recent positive GDP figures and corporate tax receipts reflect the continued strength of the multinational sector in Ireland. GDP is greatly influenced by the outsized role that the multinational sector plays in the economy.

Multinational firms make investment decisions based on several criteria. However, it is essential that high labour costs in the construction sector are not an impediment to future investment by these firms.

Housing Supply

One of the most significant challenges facing Ireland is the adequate supply of new homes. At a minimum, Irish society needs the construction industry to deliver 50,000+ housing units annually from now until 2050.

The pipeline for new housing remains relatively strong, this reflects the provision of new funding by Government, as well as the reforms under *Housing for All* which are continuing to unlock bottlenecks. On the other hand, outlays on home improvements (extensions, retrofits, etc.) fell marginally last year, with the impact of higher costs likely taking a toll.

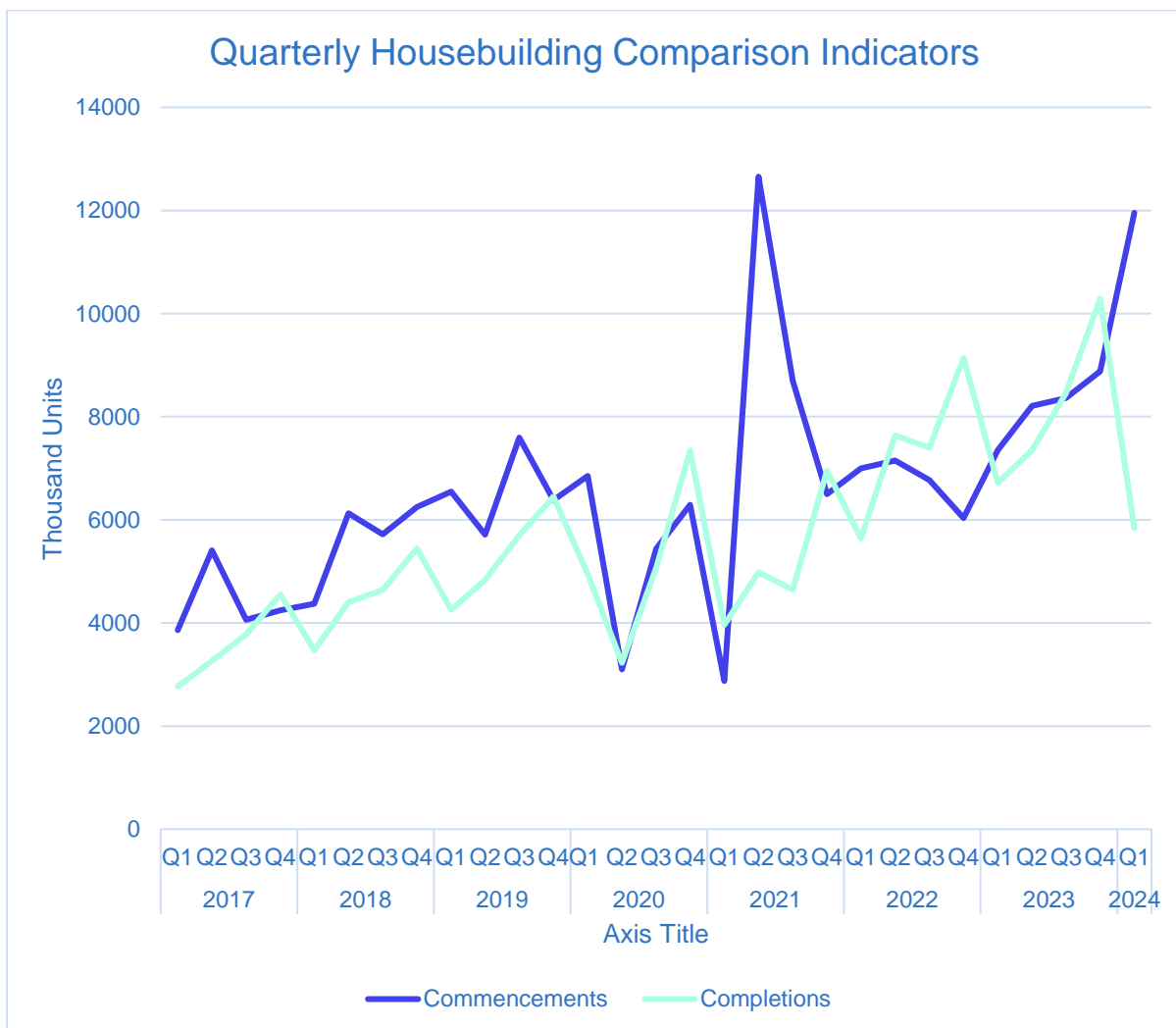
National housing targets must be sufficient to meet the evolving needs of our current and future population.

The construction of new homes depends on:

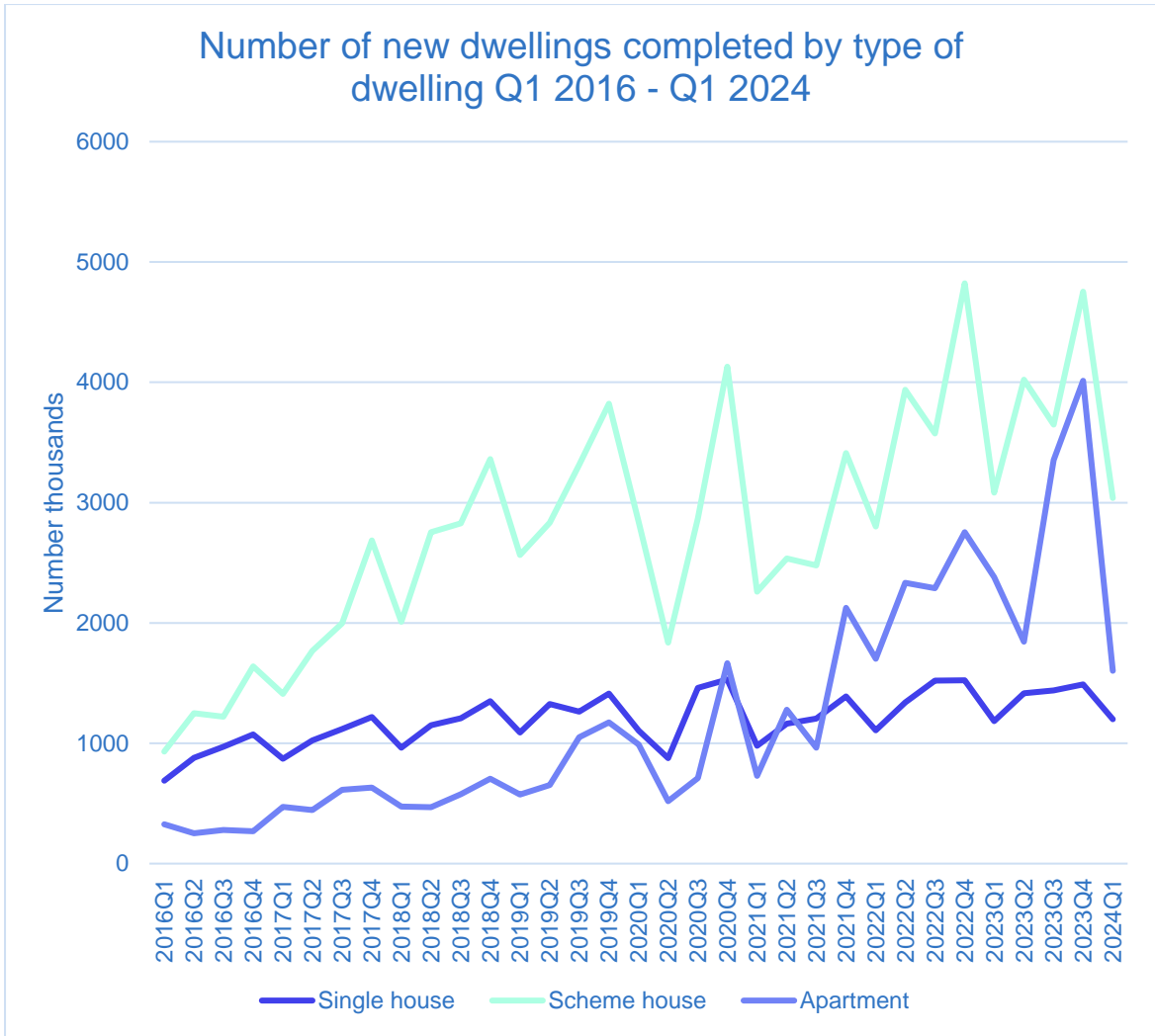
- Stability in the sector’s regulatory and cost base.
- A functioning and properly resourced planning system with minimal delays.
- Adequate supply of zoned and serviced land.
- Adequate investment in enabling infrastructure, especially water and wastewater.
- Investment in the capacity of the political and administrative system to deliver.

The announcement under the current Government to revise the National Planning Framework (NPF) and review of current housing supply targets outlined under Housing For All is welcomed. It is vital that any targets used within this are robust and reflect realistic population increases, as well as the deficit of houses that haven’t been built (convergence rate). The revision of the National Planning Framework is critical to ensure there is a sufficient supply and servicing of zoned lands in areas that have seen significant increases in population. Reform must be introduced so that all state actors are aligned to ensure that lands zoned are serviced or capable of being serviced.

The soaring cost of construction in recent years means that there is a viability gap for developers. Rising costs, interest rates and planning backlogs put Government’s housing targets at risk.



Source: CSO and Dept. Housing



Source: CSO

COMPARATIVE RATES OF PAY

a) Pay Rates in Irish Public Bodies – New Public Sector Pay Agreement 2024 - 2026

Pay rates in the public sector are based on a scale of up to 15 points or increments.

The rates of pay for craft workers and GOs employed by Local Authorities, the HSE and the university sector are shown in the table hereunder.

	Start	Mid-Point	Top
Local Authorities (rates as at 1 st January 2024)			
Craftworker	€19.07	€20.64	€22.22
Craftworkers Mates	€15.92	€17.09	€18.24
GO's/Labourers (outside Dublin)	€16.12	€17.19	€18.23
HSE (rates as at 1 st January 2024)			
Craftsmen (Paypath)	€19.36	€21.70	€22.41
Craftsmen (Non-paypath)	€19.16	€21.44	€22.00
Craftsmen's Mates (Paypath)	€16.32	€18.25	€18.57
Labourers	€16.45	€18.58	€20.13
University (Increase of 1 st January 2024)			
Craftsmen	€19.29	€21.63	€22.33
General Operatives	€17.76	€18.09	€18.34

Source: Individual Organization Publications (Forsa, HSE, MTU)

The new Public Sector Agreement 2024 to 2026 provides further increases as follows:

- 1% June 2024
- 1% October 2024
- 2% March 2025
- 1% August 2025
- 1% September 2025
- 1% February 2026
- 1% June 2026

Agreement expires 30 June 2026.

The new Public Sector Agreement 2024 to 2026 provides for increases in pay in the region of 10.25%.

Over the period 2023 and 2024 construction workers have been awarded the following increases in pay:

- February 2023	2.8%
- September 2023	1.9%
- August 2024	<u>3.5%</u>
Total	8.2%

In addition, CIF is proposing the following increases in pay for 2025 and 2026:

- August 2025	2.2%
- August 2026	2.0%

The above proposed increases would bring the total increase in pay over the period from 2023 to 2026 to 12.4%. This is substantially higher than the increase in pay awarded to equivalent workers employed in the public sector.

In August 2024, Craftworkers employed in the construction industry will receive an hourly rate of €22.24, regardless of service.

Category B workers in the construction sector are General Operatives (GOs) with 2 years' experience in the industry. In August 2024, these workers will receive an hourly rate of €20.03. This rate is almost 10% higher than the top GO rate on the Local Authorities pay scale. The €20.03 rate is also 9% higher than the top rate paid to GOs employed in the university sector.

Category A workers in the construction sector are GOs who will be paid a rate of €21.59 per hour in August 2024. This rate is almost 13% higher than that paid to GOs in Local Authorities, 16% higher than that paid in the HSE, and 17% higher than their equivalent employed in the university sector.

b) **Comparative International Pay Rates**

Our nearest competitors are based in Northern Ireland and Britain. The British Building and Allied Trades Joint Industrial Council (BATJIC) recently concluded a one-year agreement for a 4% wage rate increase across the board.

The euro equivalent of the increased rates as at 5th June 2024 are:

Advanced Craft: €18.54

Intermediate Craft: €15.97

General Operative: €14.17¹

¹ [BATJIC wages and holidays | FMB, Federation of Master Builders](#)

Craft workers and general operatives employed in Ireland are paid substantially higher rates of pay than their equivalents employed in the UK and Northern Ireland. Despite the fact that the SEO applies to all workers in the Republic of Ireland, Irish based contractors operating in border regions continue to lose work to Northern Irish contractors who are more competitive due to lower labour costs as per the above. Further increases in labour costs beyond what is being proposed by CIF will further widen the gap between rates of pay for workers from the North and South of Ireland, which in turn will diminish our international competitiveness.

As can be seen from the above, construction workers have received substantial increases in pay over the period from 2023 and 2024, with further increases proposed for 2025 and 2026. In 2023 alone, construction workers received an increase of 4.7%. This increase was awarded to help alleviate the impact of high levels of inflation, which averaged at 6.3% over 2023. Inflation is currently running at 2.6%, and it is expected that it will reduce to approx. 2% and remain at that level for the foreseeable future.

Interest rates are also expected to reduce incrementally over the coming months.

The pay of craft workers and general operatives employed in the construction industry is not out of line with the pay of equivalent workers in the public sector, and in many cases, construction workers are paid substantially more. Construction workers are also paid substantially higher rates than workers employed by our nearest competitors in the North of Ireland and the UK.

Any increases in pay in excess of what is proposed above will:

- place the industry out of line with other workers in the economy
- further widen the gap between our nearest competitors in the North of Ireland and the UK, thus erode competitiveness
- negatively impact on investment decisions which would erode growth potential

The industry, therefore, faces many challenges. It is essential that increases in labour costs are realistic and sustainable. An SEO is essential in providing certainty to the sector in terms of labour costs and good rates of pay and conditions of employment for construction workers. An SEO also gives investors in the sector confidence that any disputes that may arise can be dealt with in an orderly manner.

CONCLUSION

CIF is supportive in principle of SEOs. We believe they are of benefit to employers by providing a level playing field in terms of labour costs when tendering for work. They are also beneficial to workers in the industry as they provide good rates of pay and terms and conditions of employment. An SEO also provides a mechanism for resolving disputes in an orderly manner without recourse to immediate industrial action.

We have addressed the various clauses under sections 15 and 16 of the Industrial Relations (Amendment) Act 2015 in Part 1 of this submission.

Part 2 sets out the CIF's proposals on what we believe should be contained in a new SEO, including:

- Hourly rates of pay to be awarded to craft persons, general operatives and apprentices upon the introduction of the SEO;
- An increase in hourly rates of pay of 2.2% on 4th August 2025;
- An increase in hourly rates of pay of 2% on 3rd August 2026
- Increases in pension contributions in line with increases in pay

- CIF requests that travel allowances are not included in a new SEO.

Part 3 of this submission contains economic considerations to support our position.

The industry is in a strong position and it is essential that we act prudently to ensure that the industry is not placed at a competitive disadvantage by granting increases in labour costs that are unrealistic and unsustainable. The industry faces many challenges. Global growth remains at historically weak levels and, according to the IMF, are expected to remain so in the near term. Geopolitical risks could knock some economies off and negatively impact on supply chains.

An SEO is essential in providing certainty to the sector in terms of labour costs, and it also provides good rates of pay and conditions of employment for construction workers. An SEO also gives investors confidence that the industry can deliver a high-quality product without delays and costs being incurred due to industrial action. A disputes procedure that is capable of assisting in resolving disputes in an orderly manner is essential.

We respectfully request that the Court makes a recommendation to the Minister on a new SEO in the sector, reflecting the pay, pensions, sick pay and conditions of employment that are proposed in this submission. Our submission sets out what we believe to be realistic and sustainable conditions of employment for workers in the industry. To go beyond what is proposed would threaten rather than protect jobs and growth in the sector.

END