financial services union

STRONGER TOGETHER

BUDGET 2025

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WHO ARE WE?

The Financial Services Union (FSU) is the leading Trade Union representing staff in the Financial Services, Fintech, and Tech sectors. We have membership in over one hundred and fifty companies and are organised in the Republic of Ireland, Northern Ireland, and Great Britain with headquarters in Dublin and a presence in Belfast.

We support employees of retail banks, global financial services organisations, technology and FinTech organisations and workers in the Games and Animators sector.

We have vast experience negotiating pay and conditions on behalf of our members. We understand what employees want, we give sound advice, and we secure better outcomes in pay and conditions for our members. We are a representative and campaigning union based on shared common values of decency, fairness, equality, and respect in the workplace.

INTRODUCTION

While the economy may be producing enormous surpluses in the last number of years this does not always lead to better outcomes for workers and their families. A Budget provides a moment in time that can change the circumstances and life of people for the better or it can be a missed opportunity which can cause division and hardship. Dramatic changes have occurred in the workplace over the last five years with remote working becoming normal practice and more family friendly polices being introduced by employers. These changes have occurred predominantly through dialogue between employers and trade unions. Collective bargaining is the best means to achieve a positive outcome for both employers and employees. It is disappointing that IBEC cannot adopt a more progressive approach to dialogue and follow the lead set by the President of Ireland and the current President of America in recognising the positives of collective bargaining. The current Irish Government have the opportunity through legislating for a worker centric transposition of the EU Directive on Minimum Wage which would leave an indelible worker centric imprint on their time in Government.

This pre budget submission will concentrate on a number of family friendly workplace policies which if agreed by Government would make the workplace a better, fairer and welcoming place to work. We will also outline our views on the banking levy, the reintroduction of tax relief for union membership, the continuation of the increase in the benefit/voucher to €1,000 tax free, increased maternity leave, the creation of a collective bargaining support fund, increase in the home working allowance, making menopause treatment medications freely available and the reinstatement of the free voucher scheme for connected hubs.

BANK LEVY

Retaining the Levy

The FSU welcomed the decision in budget 2023 to retain the bank levy and to change the way the levy was calculated. We do, however, urge the Government to ring-fence the funds raised and to use those funds for social good, in particular to fund a financial literacy campaign in communities around the Country. The Government have started to implement one of the key findings of the banking review which was to launch and implement a financial literacy strategy.

The strategy has commenced, and it would seem fitting that funds raised from the banking sector would be used to ensure the implementation of the strategy and to bring the strategy to those communities who require it the most. The banking levy is a remnant of the banking crash and if we are to change its remit, we should rename it and ensure the people who bailed out the banks are the ones to benefit from it.

Expansion of levy

There has been much talk about expanding the scope of the banking levy to other financial institutions. The banking levy only applies currently to those financial institutions that were bailed out by the Irish Government during the financial crash. The FSU believes the time has arrived for a reformed banking levy to be expanding to other financial institutions.

The banking sector is changing at a dramatic pace with new online entrants now commanding a larger percentage of the market. It is reported that Revolut has over 2 million customers in Ireland as it continues to expand the range of banking services it offers.

If we are to move away from the levy being seen as a punishment for the behaviour of the retail banks prior to the banking crash and for it to be viewed more as the banking sector contributing in a positive manner to the provision of financial literacy programs and other areas of social good, then it is reasonable that the levy would be expanded to cover other financial institutions.

We would ask that the Central Bank be tasked with seeing how this would be fairly constituted.

Ring-fencing the Fund

In our pre budget submission in 2023 we wrote:

> *"We believe the revenue generated by the levy should be ringfenced and used strategically to enhance the unique role of retail banking within society, to improve digital literacy, and to support vulnerable groups and communities by ensuring access to branch services and ATMs."*

It is disappointing this was not done twelve months ago as it may have prevented a deterioration of the banking facilities provided to local communities across the country.

In 2022, the Retail Banking Review recommended that the Department of Finance should seek to ensure that all stakeholders work together so that Ireland is compliant with the OECD High Level Principles on Financial Consumer Protection and the Recommendation on Financial Literacy.

In 2023 the then Minister for Finance, Michael McGrath TD. launched a consultation paper on the establishment of the Financial Literacy Strategy and invited relevant stakeholders to participate.

In April 2024 the Department of Finance a published a Mapping Report on the development of a National Financial Literacy Strategy in Ireland.

The report indicated widespread support from relevant stakeholders for the development of a national financial literacy strategy.

Some key findings of the report were:

43% of adults in Ireland are without the minimum financial literacy needed.

44% of the adult population do not have the minimum level of digital financial literacy needed to navigate their finances.

Some of the issues highlighted that require addressing:

- managing debt and supporting those struggling with debt to seek support,
- digital financial literacy,
- making decisions around investments, and
- SME financial literacy.

It is clear that a dedicated funding stream will be required to ensure this important work is implemented.

Ring-fencing the funds raised from a reformed banking levy would give the strategy a funding stream that is not dependent on the whims of Government. It would also mean that funds raised by the banking sector would be used within the sector to improve the financial literacy of those using the facilities provided by the banking sector.

TAX ON BENEFITS/VOUCHERS

The cost-of-living increases over the last number of years has had a detrimental effect on the purchasing power of workers. Any increases in pay that have been achieved over that period has been offset by increased prices for home heating, groceries and household goods. The decision made by the Government in the last two budgets to increase the maximum amount that can be received in one year from the benefit/voucher scheme to €1,000 tax free and to make it possible to be made in two payments throughout the year was influential in allowing once off payments to be made to workers to help them financial in challenging circumstances. The FSU would urge the Government to expand the scheme for a further year.

HOME WORKING ALLOWANCE

For this submission, we would like to highlight the home working allowance that is currently available from the Revenue Commissioners. Currently If your employer does not make a payment of €3.20 per day, or pays you less than your allowable costs, you can claim remote working relief. The FSU position is that the daily payment amount should be raised to take into account the real cost of working from home, the savings that are been made by the employer on rent and other items and the basic issue that costs should not be moved from the employer onto the employee. The ongoing cost of living crisis, with large increases in home heating costs over recent years bring this issue into focus.

The FSU would argue that the current €3.20 per day should be dramatically increased to take account of the rising cost of home heating, electricity, broadband, insurance, and other ancillary items. Back in 2021, the Government estimated that some 400,000 people could benefit from this credit. However, Revenue figures show that people who are eligible to avail of this tax and not taking up the benefit. This shows that not only is the day rate too low the application method to claim the tax relief is too cumbersome and should be simplified.

The €3.20 per day home working allowance should be dramatically increased to take account of the rising cost of home heating, electricity, broadband, insurance, and other ancillary items. The method required to claim the tax relief should be simplified to encourage greater take up.

TAX RELIEF FOR UNION MEMBERSHIP

Current legal position

Relief for trade union subscriptions was previously provided for in section 472C of the Taxes Consolidation Act 1997. That section ceased to have effect for the tax year 2011 and each subsequent tax year. Consequently, no relief is available for trade union subscriptions for any of those tax years. Tax relief on union subscriptions was first introduced in 2001. This was to bring workers entitlements into line with people paying fees to professional bodies who already received tax relief on such fees. In 2009 the then Minister for Finance, Brian Lenihan TD. initially announced he was abolishing tax relief not just on trade union subscriptions, but on fees to professional bodies.

In a response to a parliamentary question on the issue of reinstating tax relief on trade union subscriptions the then minister for Finance, Pascal Donohue TD. replied :

"The reinstatement of this tax relief would have no justifiable policy rationale and does not express a defined policy objective"

This Government are required to transpose the EU Directive on Adequate Minimum Wages by the 15th November 2024. As part of the transposition, they are required to produce an action plan which would provide for a framework of enabling conditions for collective bargaining. The FSU would argue that reinstating a tax relief on trade union subscriptions should form part of this action plan and therefore is a "defined policy objective" of the Government.

CONNECTED HUBS VOUCHER SCHEME

In September 2022 Minister Humphreys launched the second phrase of the Connected Hubs Voucher Scheme. This scheme provided for three free vouchers to allow workers to avail of remote working in selected hubs across the country. The second phase of the scheme ended in 2023.

When announcing the scheme Minister Humpries said:

"This is all about giving people the opportunity to achieve a much better work-life balance through the benefits of their local digital hub."

According to research from The Stepstone Group, the parent company of jobs website Irish Jobs nearly half of Irish jobseekers would refuse a job offer if there were no hybrid or fully remote working options offered.

Work life balance has become a significant issue for workers since Covid and the FSU would contend it is a role of Government to support remote working through financial and other incentives. Working from home is not suitable for all and to have the opportunity to work from a connected hub is something that would benefit employees and employers.

The FSU would like to see the reinstatement of the free voucher scheme and have it expanded to additional parts of the Country.

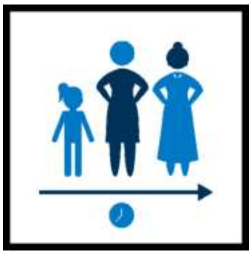
MATERNITY LEAVE

In most cases parents look at childcare placement when their child is 6 months old. This is getting more troublesome as it is widely reported that most childcare providers will not take children before the age of one.

Currently maternity leave entitles the mother to 26 weeks' paid maternity leave together with 16 weeks additional unpaid maternity leave.

With clear and accepted ongoing childcare provision issues the Government should look to extend paid maternity leave to 52 weeks which would give great solace to parents who cannot find suitable childcare but need to return to work. This can be phased in over a number of years.

We would ask the Government to acknowledge the current difficulties being experienced by parents and to show compassion for their situation by increasing maternity leave from the current 26 weeks to 39 weeks this year and to 52 weeks next year.



MENOPAUSE TREATMENT - FREE HRT

In recent months the Government have announced they are considering making the cost of HRT free and indicated discussions are ongoing over the cost of the scheme. The Minister for Health, Stephen Donnelly TD has acknowledged this is a significant issue and an issue Government have made previous commitments to resolve.

In the Republic of Ireland, a woman going through the menopause can expect to pay from €17 to €60 a month on the cost of HRT, plus €50 to €60 on a doctor's visit to get the prescription, or in the cases of repeated prescriptions it can cost €15 to €60 on top of medication costs.

The FSU ask Government to use this budget to make menopause treatment medications available over the counter at pharmacies free of charge.

COLLECTIVE BARGAINING SUPPORT FUND

The Government through the acceptance of the LEEF report in November 2022 on Good Faith Bargaining and the requirement to transpose the EU Directive on Adequate Minimum Wage by November 2024 presents the Government with an opportunity, working with the social partners, to update the industrial relations landscape in Ireland and bring it in line with other European Countries.

EU Directive on Adequate Minimum Wage

The EU Directive on Adequate Minimum Wage is required to be transposed into Irish law by November 15th, 2024. There are ongoing discussions between the social partners and the Irish Government debating what legislation is necessary to ensure the Directive is transposed correctly and enshrined in Irish law. This has to be seen as a once in a lifetime opportunity for Government to enact legislation that will benefit workers, benefit employers and benefit society.

The Directive also requires the Government to produce an action plan by the end of 2025 to promote and enable collective bargaining.

The problem:

In Ireland, unlike other countries, there is no obligation on employers to negotiate with trade unions. The industrial relations mechanisms currently in place are inadequate and can be, (and are) ignored by employers.

Ireland is an outlier in having no recognition in legislation of the need for employee representatives to have protection against dismissal. This means that employers in Ireland can and do unfairly dismiss employee representatives for engaging in trade union activity.

Respect at Work campaign

The Respect at Work campaign is a collaboration of four Unions, the Financial Services Union, SIPTU, Mandate and the Communications Workers Union and has the support of multiple other unions, NGO's and ICTU. The key demands of the campaign are:

The Government enact legislation that will:

- Provide a legal framework for employees to engage in collective bargaining,
- Provide legal protections for union members against dismissal and victimisation
- Provide union members with access to a trade union.

The recommendations of the LEEF group on good faith bargaining which was agreed at Cabinet in late 2022 year when legislated for has equal capacity to change the industrial relation landscape.

Financial Support

Taken together both the transposing of the EU Directive on Minimum Wages and the implementation of the High-level report on good faith bargaining will require significant financial investment from Government and the trade union movement.

The onus is on the Government to produce and action plan by the end of 2025. There is no point producing an action plan that does not have the resources to ensure it is implemented

It will require resources for training and education of employees and employers' bodies. It will require new training initiatives and courses.

For any plan to work the general public will need to be conscious of what is in the plan and the benefits that can accrue if the plan is implemented.

The plan will need to explain what constitutes collective bargaining and the benefits that can accrue to workers, employers and society from collective bargaining.

Unless there is a concerted effort by all to promote collective bargaining, the 80% threshold required in the EU Directive will not be met.

New technological advances will require large investment from unions in new technology and IT systems.

To help unions, employers and the general public the FSU propose the Government task the social partners to begin discussions on what resources will be required to implement the action plan required under the EU Directive on Adequate Minimum Wage and set up an initial fund at budget time for the set purpose.

RECOMMENDATIONS

In summary the FSU propose the following recommendations.

- Expand the banking levy and ring-fence the funds for social good including funding for a financial literacy program in communities across the Country.
- Retain the maximum amount that can be received in one year from the benefit/voucher scheme at €1,000 tax free and enable it to be made in two payments throughout the year.
- Tax relief should be introduced for trade union subscriptions.
- The Government should establish a collective bargaining support fund to help support the implementation of the EU Minimum wage directive.
- Increase the €3.20 per day home working allowance.
- Increase incrementally, paid maternity leave from 26 weeks to 52 weeks.
- The FSU ask Government to use this budget to make menopause treatment medications available over the counter at pharmacies free of charge.
- Reinstate the free voucher scheme for connected hubs and have it expended to additional parts of the Country.

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