

Response to the Central Bank of Ireland public consultation

‘Enhancing Our Engagement with Stakeholders - Consultation Paper 136’

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ICTU response to the Central Bank of Ireland public consultation 'Enhancing Our Engagement with Stakeholders - Consultation Paper 136'

Introduction

The Irish Congress of Trade Unions (ICTU) welcomes the fact that the Central Bank of Ireland is reviewing its engagement with stakeholders and the opportunity to take part in its public consultation on this topic.

ICTU is the representative confederation of trade unions in the Republic of Ireland and in Northern Ireland. Our core mission is to 'strive to achieve economic development, social cohesion and justice by upholding the values of solidarity, fairness and equality'.¹ Our 43 affiliated unions have a combined membership of over 700,000, more than 500,000 in the Republic of Ireland and 200,000 in Northern Ireland. These members work in every sector of the economy, including both the financial sector and what the consultation paper calls the 'real economy'. They are also consumers. This makes ICTU the largest and one of the most representative civil society organisations on the island of Ireland, and one that can draw on the expertise of members working in sectors that are of direct interest to the Central Bank under its mandate.

ICTU is also affiliated to the European Trade Union Confederation (ETUC) which represents trade unions confederations in all EU member states and across the wider Europe. Through the ETUC we engage with the European Union institutions, including the European Central Bank, and within the wider European framework.

Before responding to the specific questions posed in the consultation paper, we would like to comment on our current engagement with the Central Bank and on a number of points raised by the consultation paper, as this sets the backdrop for our responses to the specific questions. Our answers to the questions should therefore be read in the context of these opening remarks.

At present, ICTU's main direct engagement with the Central Bank is through the Civil Society Roundtable.² The consultation paper describes this roundtable as 'a forum for dialogue between Central Bank senior leaders and the representatives from a broad range of civil society and community and voluntary groups...[and]...a listening forum and an opportunity to hear about the challenges and opportunities experienced by people living in Ireland as they relate to the Central Bank's mandate' (p.7), and that at these meetings 'issues across the Central Bank's mandate including the economy, housing issues, consumer protection issues, as well as financial system issues often arise' (p.11). It states that the agenda of the roundtable is 'in the main, set by the priorities of the attendees...[and that the]...objective is to provide an opportunity for Central Bank senior leaders to listen to the perspectives of organisations who represent consumers and

¹ ICTU Mission & Objectives <https://www.ictu.ie/about/>

² ICTU also engages with the Central Bank by responding to some of its main public consultations, e.g. on its Strategic Plan 2019-2021. Affiliated unions organised in specific sectors also respond to relevant consultations.

members of the public who are impacted by the Central Bank's work' (p.13). Footnote 4 points out that this roundtable comprises a range of national organisations working across 'a range of areas, including social justice, housing and homelessness, human and legal rights, rural issues, workers' rights, (trade unions) and the rights of older people.'

While we have found the Civil Society Roundtable to be a useful process of dialogue with the Central Bank and indeed with other civil society representatives taking part, we would like to make two points about this process and about the consultation paper.

First, the very broad range of organisations involved and the fact that the agenda is generally set by those attending sometimes means that a very diverse range of issues is raised, which can give rise to a broad-ranging discussion which at times can be skewed onto very particular topics. While not suggesting that topics discussed that are not among our immediate priorities are not important, our experience from subsequent discussions with other civil society representatives taking part is that few would say that the issues they had wished to discuss were properly considered. This would be our view also.

Second, we note that the consultation paper states that trade unions are present in this roundtable because we specifically work across the issue of workers' rights (p.7)³. While this clearly is one of our primary concerns, particularly given the hostile stance displayed by some employers and employers' bodies to the fundamental right of workers to engage in collective bargaining to negotiate improvements to their terms and conditions, it is by no means the only issue that we work on. Issues concerning both financial services and the financial system⁴ and the 'real economy' dominate trade union agendas, as do current major public policy failures such as the housing and homelessness crises.

This leads on to what we see as an important omission in the consultation paper – the absence of a recognition of the specific role of trade unions in the economy, as a 'social partner' to use the phrase commonly used at European level and in many other European countries, and of the consequent need for the Central Bank to enhance its engagement with trade unions in relation to financial services and the financial system and the 'real economy' as part of its efforts to enhance its overall engagement with stakeholders.

We want to stress that this should not be taken as an attempt to 'elevate' the trade union movement above other civil society organisations but it is a simple statement of fact while the trade union movement is a civil society organisation, it is also one that in the first instance seeks to achieve its mission by organising workers in unions and to negotiate collective agreements on their behalf.

³ This depiction also appears to imply that other civil society organisations concerned about social justice and human rights are *not* concerned about workers' rights. This clearly is not the case.

⁴ See for example the March 2021 discussion paper published by the Financial Services Union on the Future of Banking https://www.fsunion.org/assets/files/pdf/fsu_the_future_of_banking_a5_booklet_.pdf

The consultation paper implicitly acknowledges this point about the role of trade unions in its references to ‘best practice internationally’ identifying trade union representatives in Germany’s Consumer Advisory Council to Germany’s Federal Financial Supervisory Authority (BaFin) and ‘employees’ representatives’ (i.e. trade unions) on the European Supervisory Authorities (ESA’s) stakeholder groups (p.19).⁵

The Central Bank will also be aware that the role of trade unions as a ‘social partner’ has long been acknowledged by the European Central Bank’s engagement with the EU-level social partners including the ETUC, Business Europe and other employers’ bodies through the Macroeconomic Dialogue.

The ECB itself acknowledges the usefulness of this particular dialogue, stating that:

‘...such interaction enhances the flow of information, promotes mutual understanding of each other’s policy views and allows for a dialogue on issues of common interest, in full respect of the respective responsibilities.’⁶

We note that the consultation paper states that during 2020, ‘the Central Bank worked to continue to enhance its engagement with representatives from the real economy’, including IBEC, the Small Firms Association, and Chambers of Commerce, and that the Central Bank intends to continue ‘to develop opportunities to engage with and broaden the stakeholders we engage with from this sector’ (p.8).

We believe therefore that the Central Bank should also seek to enhance its engagement with the trade union movement and that such an enhanced engagement would represent a genuine, and useful, broadening of its engagement with stakeholders from the ‘real economy’.

The remainder of this response seeks to answer the specific questions laid out in the consultation paper. These responses complement each other and therefore should be taken as a whole, not in isolation.

Responses to the specific questions

1. Do you agree with the proposals outlined above to enhance the role of the Consumer Advisory Group? What further enhancements could be made, given its statutory mandate?

ICTU agrees with the proposals outlined in the consultation paper in relation to the Consumer Advisory Group but would make the following comments.

⁵ Trade unions are represented on EIOPA’s Insurance and Reinsurance Stakeholder Group and its Occupational Pensions Stakeholder Group, on the EBA’s Banking Stakeholder Group, and on the ESMA’s Securities and Markets Stakeholders Group.

⁶ ECB, European Cooperation, 20 August 2020
<https://www.ecb.europa.eu/ecb/tasks/europe/cooperation/html/index.en.html>

As noted above, the consultation paper points out that international best practice the Central Bank has identified the participation of trade union representatives on Germany's Consumer Advisory Council to Germany's Federal Financial Supervisory Authority (BaFin).

The consultation paper proposes 'to enhance the agenda of the Group *to include issues relating to financial regulation and financial services more broadly across the Central Bank's mandate*'; that one meeting per year be dedicated to '*strategic and cross-cutting issues*' in addition to this being a rolling agenda item at other meetings, and that consideration be given to increasing the membership of this Advisory Group 'to further enhance the range of consumer perspectives represented' (p.12, emphasis added).

ICTU would therefore propose that membership be increased to include membership with relevant expertise from a *trade union* background. We believe this would help to enhance the 'range of consumer perspectives represented' and would introduce what the consultation paper identified as international best practice.

We would also propose that reports of meetings of the Consumer Advisory Group be published, similar to the commitment to publish a report of the Civil Society Roundtable meetings and meetings with business representatives.

2. Do you agree with the proposals outlined above to enhance the role of the Civil Society Roundtable?

ICTU agrees with the proposals to enhance the Civil Society Roundtable and to ensure it addresses matters relating to the financial system by developing an additional annual meeting to concentrate specifically on the experience that people have in interacting with the financial system.

3. What other formal or informal mechanisms could the Central Bank consider to engage with civil society and consumer groups to ensure their perspectives and insights into the financial system are considered in decision-making?

ICTU would make two proposals in relation to the Civil Society Roundtable.

First, we would propose that consideration be given to seeking more structured discussions at the Civil Society Roundtable meetings, such as by holding engagements with broadly 'like-minded' organisations.

Second, and crucially, we would propose that the Central Bank establish an ongoing continued regular engagement with trade unions. This could be done in parallel with the efforts outlined in the consultation paper to enhance engagement with it calls the 'representatives of the real economy' (i.e. *employers'* representatives). It could also be done by establishing a 'macroeconomic dialogue' similar to the ECB's engagement with the European-level social partners. We would see this particular proposal as one of the most effective means of addressing

what we respectfully see as one of the major omissions in the Central Bank's current engagement with stakeholders.

We would propose that reports of all such meetings be published similar to the commitment to publish reports of the Civil Society Roundtable meetings and of meetings with business representatives.

4. Do you agree that the Central Bank should look to formalise the current industry forum roundtables to discuss cross-sectoral, strategic issues relating to the financial system as set out above?

ICTU agrees with the proposal to formalise the current 'industry' (i.e. regulated firms) roundtables to discuss cross-sectoral, strategic issues relating to the financial system. We believe that it is preferable to formalise what the consultation paper terms the existing 'ad hoc' meetings of a 'sector or issue specific nature' by holding twice-yearly roundtables with a strategic, cross-sectoral focus, that are fully transparent (see below).

5. If yes, are there any suggestions you would like to make the regarding the establishment of such a forum?

ICTU would propose that there would be trade union representation, with relevant expertise, on the industry forum. This would be in line with what the consultation paper identifies as best practice internationally such as employees' (i.e. trade union) representatives on the European Supervisory Authorities' stakeholder groups.

ICTU would also propose that a report be published of all meetings of the industry forum, similar to the commitment to publish reports of meetings of the Civil Society Roundtable and of all meetings with business representatives. This should also encompass what the consultation paper calls the 'continued regular engagement' with business representatives (p.18). We do not see why the consultation paper fails to propose such transparency, particularly given its observation that the 2020 Programme for Government sets out the commitment regarding the extension of the lobbying register so that the lobbying of senior officials in the Central Bank will need to be reported on the same basis as central and local government.

6. If no, how do you think the Central Bank should seek to discuss cross-sectoral, strategic issues relating to financial sector oversight with the relevant industry stakeholders?

Not applicable.

7. Do you have any observations in respect of the proposed Conference?

Following on from our answers to the above questions, ICTU would naturally propose that there be sufficient trade union participation at the conference.

8. Are there formal or informal mechanisms that you think the Central Bank should consider to ensure the perspectives of the business community are heard and contribute to the Central Bank's decision-making?

ICTU considers that there are adequate mechanisms in place and proposed to ensure that the perspectives of the business community are heard by the Central Bank and contribute to its decision-making. We do see the proposals set out in the consultation paper regarding the current 'ad hoc' meetings with 'industry' (i.e. regulated firms) as a tacit recognition of the need to 'formalise' such engagement and do see why the Central Bank should introduce similar 'informal' mechanisms with business representatives. Our comments in our response to question 5 regarding the need for transparency are equally applicable here.

9. Are there any other matters that the Central Bank should take into account or practical steps it should take, to engage more effectively with domestic stakeholders, as it works to develop its overall strategy for stakeholder engagement?

As stated in our answers to the questions above and particularly question 5, ICTU would reiterate the need for transparency concerning the Central Bank's engagement with all stakeholders.

Conclusion

As stated in the introduction above, ICTU welcomes the fact that the Central Bank of Ireland is reviewing its engagement with stakeholders and the opportunity to take part in its public consultation on this issue.

As we have stated at previous meetings of the Civil Society Roundtable, for the Central Bank of Ireland's engagement with stakeholders to work better, stakeholders have to see the issues and perspectives they bring to the table influencing the Central Bank of Ireland's subsequent work.

We would be willing to further engage with the Central Bank on our response to this public consultation. And we would look forward to deepening our engagement with the Central Bank in the years ago.

Patricia King

ICTU General Secretary

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