

Industrial relations and social dialogue Ireland: Working life in the COVID-19 pandemic 2020

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Introduction

The COVID-19 pandemic is the most significant event to impact working life in Ireland. The scale and speed of change the pandemic brought is unparalleled in the history of state. Ireland moved to its first national lockdown on 27 March and in the space of two weeks, hundreds of thousands workers shifted to home working – many of whom had never worked remotely before – and schools were closed. All but essential workers were allowed to travel and go to their normal workplace.

The most significant dimension of the pandemic's effect on working life during 2020 was the involvement of the State. Through the wage subsidy schemes and the COVID-19 pandemic unemployment payment and enhanced illness benefit, the State was essentially bolstering 50% of the workforce in some manner in the spring of 2020. The temporary wage subsidy scheme contributed to the wages of 664,000 workers during the course of its operation; the pandemic unemployment payment reached a peak of nearly 600,000 recipients in May 2020.

The changes to working life in Ireland during 2020 spurred the Government to expedite a national strategy for remote working, having begun work on a national approach to remote working before the pandemic. The pandemic has brought a renewed assessment of who are considered essential workers – for example, supermarket and grocery store employees heretofore were not perceived in this light – and has moved the Government to revisit its position on statutory sick pay, as it now plans to legislate to ensure sick pay for employees.

For this report, two COVID-19 periods are used: the 'emergency' period, March 2020 to August 2020; and the 'planned' period from September 2020 onwards.

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Impacts of the pandemic on working life

The COVID-19 pandemic impacts on working life are most visible in the level of job disruption (layoffs) and the mass shift to remote working.

The Western Development Commission and the Whitaker Institute of NUI Galway conducted two extensive employee surveys¹ during 2020: phase I (7,241 respondents) during April-May 2020 and phase II (5,639 respondents) during October (McCarthy et al, 2020a and 2020b). Their findings show a substantial preference for remote working. In phase I, 83% of workers surveyed said they would like to work remotely after the crisis is over (of this majority, 42% would like to work remotely several times a week; 29% indicated they would like to work remotely several times a month; while 12% would like to work remotely on a daily basis.) Public servants (21%) were more likely than with private sector workers (11%) to not want to continue remote working after the crisis

Phase II (October 2020) found that 94% of respondents were favourably disposed to remote working, after the COVID-19 crisis: an increase of around 10% since the phase I. The proportion of workers preferring to work remotely on a daily basis went up from 12% to 27%; the proportion of workers preferring to work remotely several times a week increased 12 percentage points to 54%; while the proportion of people of favouring a sporadic remote working decreased from 29% to 13%.

In phase I, nearly 37% of respondents indicated that their productivity working remotely is about the same as normal; 30% reported that their productivity working remotely during COVID-19 was higher than normal, while nearly 25% said their productivity while working remotely was lower than normal. In phase II, nearly two-thirds of workers agreed or strongly agreed that remote working increases their productivity, with 14% saying the opposite.

The CSO's employment and life effects of COVID-19 survey of May 2020 showed that nearly half of the working population had their work impacted the pandemic, with around one in eight workers experiencing an increase in working hours (CSO, 2020). However, a vast majority of people who had been laid off at that point (April) expected to return to their same job (as of December, there were still around 300,000 people who were on lay-off and in receipt of the pandemic unemployment payment). Childcare duties were a big concern at the earlier part of the pandemic (the 'emergency' period), when schools were closed and childcare was unavailable. The CSO also reported a more severe impact on women in the 'emergency' phase: The percentage of women reporting "Low" satisfaction with overall life was more than double the rate than in 2013 (37% and 15% respectively); more women (37%) than men (26%) reported feeling "downhearted and depressed."

The CSO business impact survey of May 2020 indicated one in three enterprises had the majority of their workforce working remotely in the period between 20 April to 3 May 2020, rising to 38% for 'Large enterprises' (CSO, 2020). Over half (53%) of enterprises had implemented working arrangements to facilitate social distancing at some point during the crisis. This rose to 77.4% in the Manufacturing sector. A follow-up CSO business impact survey indicated nearly one-quarter of employers planned to make remote working permanent in some capacity. Two-thirds of businesses were trading as normal by August, with one-third trading at partial capacity.

¹ Surveys were conducted using Qualtrics survey platform online. Survey questions included a mix of quantitative questions, Likert-scale questions, and open-ended qualitative questions.

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The ESRI report, 'Who can work from home in Ireland?', found that people who work from home are more likely to be Irish, aged over 30, working full-time, and in higher-paid occupations. Across the whole economy 14% of men are working from home and 13% of women are working from home (ESRI, 2020). The Institute argued that increasing remote working capacity among lower paid occupations may be key in combating the potential unequal consequences of job losses and the economic contraction that will follow the COVID-19 crisis."

Political context

There was a general election in Ireland on 8 February, several weeks before the pandemic emerged. The result of the election was inconclusive, and which led to a protracted negotiation period, complicated by the emergency of the pandemic. Before the election, there was a minority government in power (Fine Gael and several Independents). In late June, a coalition between the centrist parties Fianna Fail and Fine Gael as well as the Green Party was agreed.

The political management of the 'emergency' period was overseen by the prior, minority government – essentially in a caretaker capacity. This was largely backed by other political parties due to the pressing necessity to form a national response to deal with the pandemic. The national public health emergency team (NPHET) was involved from the start of the pandemic and have been ever since, giving daily briefings on the trajectory of the virus. Their influence was significant during the emergency period and still was, as of end of 2020, albeit with some divergence between their recommendations and the Government agrees upon.

The performance of the current government has been marked by some controversy, including a resignation of a Minister, an EU commissioner and sustained pressure on a supreme court judge to resign over their attendance at a social event, deemed to be in contravention of the spirit of COVID-19 guidelines (BBC, 2020)

Governments and social partners response to cushion the effects

The first major employment-related measure the Government introduced was the COVID-19 Pandemic Unemployment Payment (PUP)ⁱ. In the emergency period, this payment was €350 to people who could not work because of the COVID-19 restrictions (those who were put layoff). The welfare payment was paid at this rate regardless of prior earnings of the worker. During the planned period of the COVID-19 pandemic, different rates were introduced, linked to pre-COVID-19 earnings. From October 16, 2020 to at least March 31, 2021, four rates will apply (depending on prior earnings): €203, €250, €300 and €350.

The other major employment-related measure was the Temporary Wage Subsidy Scheme (TWSS)ⁱⁱ, introduced in March 2020. This was a State subsidy for employers who were likely to experience at least 25% reduction in turnover/business and was applied for the period of end of March to end August 2020. Employee wages were subsidised to up to 70% of wages (to a maximum of €412 per week), In May 2020, this was tweaked to include subsidies of up to 85% of earnings (to a maximum of €412 per week), as well a tapered subsidy for higher earners.

The TWSS was subsequently replaced a lower-subsidy support called the Employment Wage Subsidy Scheme (EWSS)ⁱⁱⁱ, effective from September 2020 onwards. This applied a subsidy of ≤ 151 and ≤ 203 , depending on earnings. Since October 2020 – around the time of the second national lockdown – new EWSS rates were introduced to match the payments of the PUP scheme (≤ 203 , ≤ 250 , ≤ 300 , ≤ 350).

There was also a supplementary support for the childcare sector, called the Temporary Wage Subsidy Childcare Scheme (TWSCS)ⁱ. The TWSCS scheme topped up the TWSS to ensure 100% of childcare workers' pre-COVID-19 wage levels, to a limit of €585 per week.

For workers who tested positive for COVID-19 or who had to self-isolate, the Government introduced the enhanced illness benefit^v of €350 per week (the normal illness benefit rate is €203 per week).

The social partners also formed the Return to Work Safely Protocol^{vi} to apply across the entire economy. It outlines safety principles in workplaces and allows for specific arrangements for some sectors. The Protocol outlines hygiene etiquette, procedures for dealing with a suspected case of COVID-19 in the workplace, and other operational issues dealing with COVID-19.

The need for an immediate response to the impact the pandemic brought a renewed energy to social dialogue, particularly around discussions on the TWSS. The increased cooperation and involvement between the social partners achieved a consensus early on and, during the course of the emergency period, a number of adjustments had to be made to the TWSS, which came about from input from the employee and employer bodies – mostly to address anomalies that arose. The Return to Work Safely protocol is arguably the main achievement of tripartite social dialogue during 2020.

In an effort to deter redundancies, the Government also introduced a temporary ban on an employee's right to claim redundancy^{vii} from an employer, given the cash crisis many businesses were facing. This ban has been renewed several times and is likely to stay in place until other COVID-19 supports and restrictions are scaled back. The Irish Congress of Trade Unions have sought a ban on employers carrying out redundancies for as long as the temporary ban on employees exercising their right on redundancy is in place.

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In July 2020, the Government outlined its job stimulus package^{viii}, with a range of business support measures costing up to €7.4 billion. The stimulus package included: 0% interest for the first year of an SME loan; an extension of the waiver of commercial rates; €200 million for training, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures; and a 6-month reduction in the standard rate of VAT from 23% to 21%.

A host of other business supports were initiated by the Government to offset liquidations and job losses, including but not limited to: the credit guarantee scheme^{ix} for SMEs (up to 80% of the loan guaranteed by Government); the microfinance business loan^x (up to €50,000 for microenterprises); and the COVID-19 working capital scheme^{xi} (loans from the State-owned Strategic Banking Corporation of Ireland to SMEs, of between €25,000 and €1.5m).

ⁱ Eurofound (2020), <u>'COVID-19 pandemic unemployment payment introduced'</u>, case IE-2020-11/782 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱ Eurofound (2020), <u>'Temporary COVID-19 wage subsidy scheme'</u>, case IE-2020-13/777 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

ⁱⁱⁱ Eurofound (2020), <u>'New wage subsidy scheme (EWSS) is less generous, but fiscally more sustainable</u>', case IE-2020-36/1157 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^{iv} Eurofound (2020), <u>Temporary Wage Subsidy Childcare Scheme (TWSCS</u>), case IE-2020-17/1007 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^v Eurofound (2020), <u>Increased illness benefit for COVID-19 absences</u>, case IE-2020-11/783 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^{vi} Eurofound (2020), <u>Return to Work Safety Protocol</u>, case IE-2020-19/10967 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^{vii} Eurofound (2020), <u>Suspension of the obligation of employers to pay redundancy payments</u>, case IE-2020-11/820 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^{viii} Eurofound (2020), <u>July stimulus aims to assist businesses and people get back to work</u>, case IE-2020-30/1422 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^{ix} Eurofound (2020), <u>Credit guarantee scheme for COVID-19 for SMEs</u>, case IE-2020-14/784 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

[×] Eurofound (2020), <u>Microfinance Ireland COVID-19 business loan</u>, case IE-2020-14/791 (Measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

^{xi} Eurofound (2020), <u>COVID-19 working capital loan scheme</u>, case IE-2020-14/792 (measures in Ireland), COVID-19 EU PolicyWatch, Dublin.

How COVID-19 accelerated and disrupted working life policies and impacted social dialogue

Accelerated developments

The COVID-19 pandemic has undoubtedly accelerated developments in remote working. On 15 January 2021, the Department of Enterprise published its national remote working strategy following a consultation with stakeholders during 2020 (Government of Ireland, 2021). The primary measures involved in this strategy are to introduce a legal right for employees to request working remotely, and a "right to disconnect". On remote working, this will be a right to request such an arrangement – not an automatic right to work remotely. If an employer refuses to grant this request, the employee can challenge this decision, and ultimately submit a claim to the Workplace Relations Commission on the matter. The right to disconnect is likely to feature in a code of practice, and so will not be a binding legal instrument, but a guiding document that can be relied upon if a dispute arises.

Tánaiste Leo Varadkar noted that the rapid switch to remote working in March 2020 "had allowed what might have been achieved in five to 10 years to be realised in a much shorter space of time" (McGee and Wall, 2020). Prior to the pandemic, the Department of Enterprise had started working on a remote working in Ireland guiding document that tied in with the Government's action plan for jobs. At this time, remote working was motivated by environmental concerns, opportunities from technology and a policy to have people working in regional areas (outside of cities). However, there were no recommendations or concrete plans at Government level in 2019.

The new Remote Working Strategy involves three phases, which indicates there is still much work to be done in moving. However, the legal right to request remote working and the right to disconnect code of practice are expected to be in place by the end of 2021.

The pandemic has also reignited the issue of statutory sick pay in Ireland, which had dropped off the radar several years before. Ireland is unique in the EU as there is no legal requirement on employers to pay employees sick pay (though many do in practice). The pandemic's effects on the health of workers has focused minds on protecting workers' health and to ensure they are treated adequately if they cannot work due to illness. The Department of Enterprise ran a public consultation between November and December 2020, seeking answers on several questions, such as: What is a suitable and appropriate minimum rate of payment? What duration of absence should be covered by statutory sick pay? And should there be a minimum period that the employee must be out sick before statutory sick pay applies?

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Disrupted developments

One employment area that appears to have been disrupted and delayed by the pandemic is the planned legal requirement for gender wage gap reporting, a disrupted development which can be observed in other Member States (Eurofound, 2020). This planned legislation was introduced in the Oireachtas/parliament in 2018 but has made little progress since (and no progress in 2020 at all). The Chartered Institute of Professional Development (CIPD) has raised concerns about further delays to this legislation: the director of the CIPD, Mary Connaughton said the lack of awareness on the gender pay gap is a "perennial issue" that is "partly down to the fact that there's no legal requirement for employers to take action in this area, and proposed legislation is more than a year overdue at this stage." (Sheehan, 2020a) The CIPD appealed for the current government to ensure the Gender Pay Gap bill is included on the agenda in early 2021.

Impacts on the social dialogue and collective bargaining

In terms of public sector collective bargaining, the pandemic did not disrupt or deter a new agreement, 'Building Momentum', from being negotiated and agreed. The new agreement, subject to approval by union members (as of 15 January 2021), will apply from 2021 onwards and is estimated to cost over €900m (Frawley, 2020). The agreement aims to address long-running industrial relations issues in the public service, such as recruitment and pay equality for teachers, as well as a basic pay increase. While the agreement acknowledges the economic and fiscal impacts of the pandemic, its pay provisions do not appear to be constrained by the pandemic.

At enterprise level bargaining, the immediate impact is that it disrupted and delayed many planned negotiations, particularly for bargaining that required the assistance of third parties such as the Workplace Relations Commission. This is because the WRC had to restrict its in-person services, in line with public health guidelines, while offering as much services it could via zoom. The director general of the WRC, Liam Kelly has said that the virtual experience of conciliation has been mixed, and that the nature of disputes for conciliation tends to mean it takes longer to address issues virtually. (Prendergast, 2020a).

Due to the great uncertainty during the emergency period, virtually all pay increase negotiations were suspended, while a number of agreements were formed that responded to the immediate impact of the crisis, such as a cost-reduction plan at retailer Brown Thomas, Arnotts (Prendergast, 2020b). Many other company level negotiations that were planned for 2020 have been postponed and it is certainly the case that the direction of many private sector agreement negotiations during 2020 and into 2021 have and will be different than what was envisaged in early 2020 (Sheehan, 2020b).

Nevertheless, local pay deals have been agreed, and across a variety of sectors (Sheehan, 2020c).

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Other important policy developments

The pandemic has focused minds on the absence of a national short-time working scheme in Ireland. The effective implementation of the TWSS (and EWSS from 1 September 2020) was the first such mass subsidy scheme of its kind and was inspired by the level of support governments in the EU were implementing at the onset of the pandemic. It is likely that a short-time working scheme will be fashioned in 2021/2022, after the COVID-19 support measures are ceased.

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Labour disputes in the context of the pandemic

Statistics from the Central Statistics Office show there were six industrial disputes leading to industrial action, between January to September 2020 – with no disputes recorded during Q2 2020, the emergency period. Six strikes would be an average level of industrial action for 3/4ths of a year, based on the 2015-2020 period. Some of the industrial disputes that did occur in 2020 were either caused by the effects of the pandemic, such as the liquidation of Debenhams Ireland that followed store closures in March 2020, or directly linked to pandemic issues, such as at Premier Periclase, where a dispute emerged over compensation for a shutdown period of nine weeks during 2020. (Higgins, 2020a).

The Debenhams dispute is a long-running saga, with former employees maintaining pickets outside Debenhams stores for nearly 300 days, as of late January 2021. Their aim for gaining an enhanced redundancy package in the face of the company being liquidated has not proven successful, with their rejection of two resolution proposals – one from the liquidators, KPMG, and the other formed by Labour Court chairman, Kevin Foley. Pressure on the government, mostly from the Mandate trade union, to enhance redundancy rights of workers affected by employer liquidations has also formed part of their campaign and which might present more opportunity for success.

The Premier Periclase dispute which originated over what SIPTU and Unite trade unions said was inadequate engagement prior to a period of layoff for employees in the midst of the pandemic. Around 30 workers maintained a picket outside the company's site for nine weeks. The dispute was eventually resolved by the Labour Court in October 2020. (Higgins, 2020b).

Several days of strike action also unfolded at the Estee Lauder outlet in Dublin Airport, where the company sought to implement mandatory changes to employee terms and conditions, as well as compulsory redundancies. The workers, represented by Mandate trade union, resisted these changes, and mounted a socially-distanced picket at a location close to the outlet (Prendergast, 2020c).

Public health doctors were due to go on strike in early 2021 but decided to postpone their planned industrial action, over their aim to achieve consultant status, due to the rapidly deteriorating COVID-19 figures at the end of December (Frawley, 2021).

Teachers' union, ASTI, has a ballot for industrial action relating to a host of COVID-19 related issues, but are yet to act upon this mandate for industrial action (Higgins, 2020c).

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Major developments in working time regulation as a result of the pandemic

Legislation on working time

Apart from the Government's Remote Working Strategy (detailed above) which outlines some planned changes for 2021, there were no changes to working time law in 2020.

Collective bargaining on working time

There were some examples of company-level collective agreements that encompassed working time elements.

Airline and airport authority employers have implemented reduced working time and earnings arrangements. The Daa (which manages Dublin and Cork airports) reduced most if its employees' hours and earnings to 80% in April 2020, with craft workers reduced to 60%. Implementation of the New Ways of Working restructuring agreement will restore 100% of earnings. (Higgins, 2020c) The craft workers originally rejected the agreement and remain on 60% hours and earnings, with up to 750 redundancies possible, if they do not implement the restructuring plan. Aer Lingus had reduced its ground and flight staff hours to 50% in Dublin and Cork, and to 40% in Shannon, but in November 2020, these hours and earnings were increased 10% in each location (Higgins, 2020d).

At Allied Irish Banks, the Financial Services Union negotiated a 'right to disconnect' agreement, applicable to 9,500 employees. It outlines guidelines on overtime, such as ensuring to claim for extra hours worked, and a guarantee from management that it will not contact staff on work-related matters unless they are working or on-call. (Sheehan, 2020d) There is also an on-call and standby allowance.

Ongoing debates on working time

The Workplace Relations Commission opened a consultation on the 'right to disconnect' in late 2020 (which runs to 22 January 2021). This is likely to culminate in a 'code of practice', which would be established through secondary legislation (statutory instrument). A code of practice would not be a legally-binding measure; rather it would be a guidance document for employees and employers with regard to best practice and approaches to employee disengagement outside normal working hours. While the Organisation of Working Time Act currently provides for rules that would essentially meet the right to disconnect principle (section 17 requires employers to notify an employee in advance if they are expected to work beyond contractual hours) many believe this is not enough in the current work environment and more direct and clear provisions are required. Employment lawyers also believe that the Organisation of Working Time Act of 1997 needs to be updated to account for modern work practices, as much has changed in the 24 years it was enacted.

The government opened a consultation on remote working in July 2020 and continued to work on its Remote Working Strategy to late 2020. In October it published a checklist on remote working for employees and employers. In January 2021 it published its national remote working strategy, outlining three major actions it aims to follow through on in 2021.

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The topic of remote working dominated 2020 and was discussed and debated in many fora. While employer organisations are cautious about legislating on remote working, they are keen on flexible working and welcomed the Government's proposals (Ibec, 2021). Trade unions have broadly welcomed the Government's intention on remote working (ICTU, 2021).

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Impacts of the crisis on wages and wage setting

Initial findings from an IRN review of pay agreements in 2020 indicates that the number of pay deals applied in 2020 was less than half of what it was in 2019. (Higgins, 2021)

There appears to have been a pattern of pay negotiations, that fell to take place during the emergency period, at least being delayed – often for practical reasons of not being able to attend in-person – while naturally the mixed performance of companies during 2020 determined what could be achieved in pay negotiations.

A number of supermarket retailers (Tesco, Aldi, Lidl) applied bonus payments for staff during the emergency period, in recognition of the extra workload retail staff were carrying out. A 2020 survey from employer body Ibec shows there was a "sharp divide in the sectoral impact arising from COVID-19 and to some extent the anticipation of Brexit" and that businesses were almost equally divided between those (48%) not forecasting any review of basic pay in 2021, and those who say they will pay an increase (49%). (Sheehan, 2020e)

In terms of actual earnings, the CSO's preliminary estimates_or seasonally-adjusted earnings show a slight decrease in Q3 2020: -0.2% decrease in average weekly earnings; -2% decreased in average hourly earnings (CSO, 2020). However, the impact of COVID-19 is sector-specific. The CSO includes wage subsidy payments (TWSS & EWSS) for their earnings data but not payments under the pandemic unemployment payment (PUP). (The CSO advises caution on forming inferences from their data for 2020).

The impact of the COVID-19 pandemic was an influential factor in the Low Pay Commission's recommendation that the National Minimum Wage increase by 10c in 2021 (to €10.20 per hour). If not for the drastic effects the pandemic has had on many sectors, the increase in the NMW would likely have been greater.

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What is new in working life in the country?

In addition to remote working and 'right to disconnect' developments noted above, the concept of a universal basic income was raised in early 2020 during the general election by the Green Party (which formed part of the current coalition government). An Arts sector taskforce recommended to the Government in November 2020 that a UBI scheme should be trialled for Arts workers (Prendergast, 2020d). This report was accepted by the Minister for Arts. However, how and when this might be rolled out is far from certain.

The three main issues arising from the pandemic in Ireland:

Job uncertainty & job supports.

The drastic impact the pandemic had on employment is seen in the number of people put on lay-off (at its peak, near 600,000 workers) and those whose wages have had to be subsidised by the State (664,000 in total). The real impact on jobs remains unknown as the State supports are helping to keep jobs alive. When the supports are withdrawn redundancies are likely to follow, but it is too soon to tell how many real job losses there will be.

Remote working (including the right to disconnect)

The pandemic has accelerated a national strategy on remote working and (planned) government legislative intervention in this area. The Government has indicated it intends to introduce a 'right to request' remote work. It will also mandate public service employers to ensure employers are 20% remote working (i.e. one day per week). A 'right to disconnect' will not likely feature in primary legislation but will be incorporated into a 'code of practice' which can be relied upon in employment claims.

Sick pay

The national concentration on health and the health of workers continuing to provide services in the midst of the pandemic has reignited debate on whether there should be statutory sick pay provisions in Ireland. This will continue into 2021 when Government legislative proposals are expected.

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All cases related to Eurofound's COVID-19 EU PolicyWatch database can be found at <u>https://www.eurofound.europa.eu/data/covid-19-eu-policywatch</u>

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