



## European Federation of Public Service Unions (EPSU)

# Collective bargaining and social dialogue in the public services across Europe

## Annual Report 2006



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## DRAFT EPSU Annual Report 2006

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## Introduction

This is EPSU's third annual report on collective bargaining and the social dialogue and reviews developments from the end of 2005 to the end of 2006. We first look at efforts made towards building the collective bargaining network and we then go on to provide an overview of political and economic developments followed by a more detailed look at collective bargaining in the public services. We then review progress in the social dialogue.

Collective bargaining work within EPSU over the last 12 months has focused on the need to continue to build the epsucob@ network and improve the flow of information to and from the secretariat. Research and development of policy has also been carried out in line with the collective bargaining resolution agreed at the 2004 Congress and the guidance provided by the 2005 collective bargaining conference.

## Information and co-ordination

### **epsucob@ network**

The network was set up in 2003 and aims to bring together union officers in EPSU affiliates who are responsible for collective bargaining. The network has over 100 contacts from 31 countries. The network is used to circulate the latest news on negotiations and other key collective bargaining developments. EPSU continues to use the network to distribute information and as a way of collecting data on key issues such as collective bargaining policies on young workers and migrant workers.

### **epsucob@NEWS**

The secretariat has been distributing its email newsletter, *epsucob@NEWS*, on collective bargaining developments since March 2004. The newsletter is sent out every two weeks and each item is stored on the EPSU website on a country-by-country basis. The newsletter is sent to all epsucob@ contacts plus a range of other interested individuals and organisations. The distribution list currently includes a total of 215 contacts. Most of the material for the newsletter comes from the websites of EPSU affiliates or other sources of relevant information such as the ETUC, the ETUI-REHS research institute and the EIRO industrial relations observatory. The main focus is on news of agreements, negotiations, disputes, strikes and demonstrations. The newsletter also tries to keep abreast of relevant legal developments and important pensions issues, in line with the request from the pensions working group that met in June 2006.

### **epsucob@INFO**

The secretariat has continued to collect information on collective agreements in the public services across Europe as well as details of pay and conditions arrangements where public service workers and civil servants are not covered by collective bargaining. This information is being stored in a database that is now available to epsucob@ contacts via the Internet. Initially the database is focussing on basic information on the main public service agreements in each country – length of agreement, pay increase, hours and holidays.

It will be updated and gradually added to as surveys and other sources provide more detail on specific issues such as equal pay, low pay, young workers and the other areas of collective bargaining policy that will be developed over the coming years. The database will help the secretariat monitor agreements and provide an easily accessible source of information for affiliates on pay and conditions in other countries and sectors with links to more general information about collective bargaining and industrial relations in each country.

# Bargaining overview

As a background to a review of collective bargaining in the public services this section summarises political and economic changes across Europe over the last 12 months. It also highlights some legal developments that are likely to have important implications for collective bargaining, the right to strike and progress towards transnational agreements.

## Political background

There were elections in 10 of the 37 countries where EPSU organises but the results did not shift the main tendency across Europe towards centre-right governments. **Italy** and **Sweden** saw the clearest shifts in power. Romano Prodi now heads a centre-left coalition following the defeat of Silvio Berlusconi's right-wing alliance while in Sweden the left minority government has been replaced by a centre-right coalition. The results in both **Austria** and the **Netherlands** were disappointing for the incumbent centre-right coalitions. The social democrats in Austria saw their share of the vote fall but not as steeply as that of the Peoples' Party. The two parties eventually agreed to form a coalition government in early 2007. Similarly in the Netherlands the election in November that saw a fall in support for parties of the right. A new coalition government involving the Christian Democrats, Labour Party and Christian Union was agreed after three months of negotiations.

The other elections took place in the **Czech** and **Slovak** Republics, the newly independent **Montenegro**, **Hungary**, **Latvia** and **Macedonia**. The outcome in the Czech Republic was a move to the centre-right and away from a broader coalition that had included the centre-left. In Slovakia, the centre-left is at the heart of the new government but controversially brought in a right-wing nationalist party as part of the coalition. In Latvia another centre-right coalition emerged after the election while the outcome in Macedonia was a move to the centre-right. Although the centre-left retained power in Hungary they are taking a tough line on cuts in public services.

## Economic background

Inflation across Europe has mainly been on a downward trend over the last two years. In the EU as a whole it is down to 2.1% in the 12 months to November 2006 compared to the 2.3% recorded last year. In the eurozone the figures are similar at 1.9% down from 2.3%. Inflation rates currently range from 0.9% in Malta to 6.4% in Hungary.

Unemployment remains high although across the EU and eurozone it is slightly down on 2005 from 8.6% to 7.9% in the EU25 and from 8.5% to 7.7% in the eurozone. Denmark (3.5%) and the Netherlands (3.9%) are maintaining their good performance with the lowest rates in the EU25. In contrast, the UK appears to be one of the few countries on an upward trend over the past 12 months, with unemployment reaching 5.6%. Unemployment in the other three of the big four economies is still high with France (8.8%) and Germany (8.2%) registering rates that are twice the level of the best performers while it is slightly lower in Italy at 6.8%.

The ETUC's survey of pay developments this year found slow wage growth in EU15 countries with higher growth in the New Member States. Mostly, however in general wage increases agreed in collective agreements remain below the sum of inflation and productivity. Employers and many governments continue to preach wage moderation to improve competitiveness while governments also call for wage moderation to contain inflation and budget deficits. The ETUC has highlighted the resulting difficulties caused by wage moderation with domestic demand remaining sluggish and leading to low growth.

# Legal developments

## Challenge to collective agreements

In 2005-06 there have been three high-profile cases where unions went to court, took strike action or took to the streets to defend their collective agreements. The Vaxholm, Viking and Irish Ferries cases all involved employers using non-national labour in order to undercut existing company agreements. There is also a fourth case, Rueffert, involving a German regional authority and procurement rules.

The Irish Ferries dispute was over the company's plans to replace 543 crew members with workers from the New Member States who would be paid lower wages. The dispute led to the biggest labour movement demonstration in Ireland since the 1970s. The ferry workers' union, SIPTU, negotiated a resolution to the dispute that ensure that the company would abide by Irish minimum wage legislation it also led to a commitment from the government to improve the protection of collective agreements through increased powers and resources for the labour inspectorate. This was included as part of the new national agreement, *Towards 2016*.

The Vaxholm case involved a Latvian building company paying its workers according to a Latvian collective agreement rather than the relevant Swedish sectoral agreement for the construction industry. Although the Swedish courts ruled that the Swedish union was entitled to take strike action to defend its collective agreement the matter has still been referred to the European Court for clarification of whether whether unions have the right with the support of industrial action to try to encourage an employer from another member state within the EU to sign a collective agreement upon the same terms and conditions applicable for the host country's employees, with respect to temporary work to be performed in the host member state and whether the situation is affected by the employer already having a collective agreement in its resident country. A hearing was due to take place early in 2007 and the new centre-right government in Sweden has indicated that it will continue the policy of the previous government and support the position of the building workers' union.

The Viking case involves the Viking Line, a Finnish passenger shipping company which owns and operates the Rosella ferry. The Rosella was registered under the Finnish flag with a predominantly Finnish crew benefiting from a collective agreement negotiated by the Finnish Seamen's Union. Legal proceedings started when Viking decided that it would be better if Rosella were registered as an Estonian ship. The re-flagging meant that Viking could replace the predominantly Finnish crew with Estonian seafarers, and to negotiate cheaper terms and conditions of employment with an Estonian trade union.

The Rueffert case involves a German company that won a contract for building work then subcontracted it to a Polish firm, with an undertaking that it would ensure compliance with wage rates already in force on the site through collective agreement, as demanded by the local authority. The contract was withdrawn when it was discovered that the 53 posted workers were in fact earning 46.57% of the applicable minimum wage for the construction sector. The company took legal action as a result. The German Court of Appeal referred the case to the ECJ to determine whether public procurement rules in Lower Saxony are incompatible with the freedom to provide services in the EU. The Court suggested that Article 49 of the Treaty prohibits the demand to pay wages "that are at least at the level of the wages that are foreseen on the basis of the collective agreement that applies to the place where the work is done", because these may be higher than the minimum wage that would otherwise be applicable.

### **Trade union rights project**

EPSU has commissioned the ETUI-REHS research organisation to carry out a review of trade union rights in the public services. This will focus in particular on the extent to which there are any restrictions placed on trade unions' rights to association, assembly, collective bargaining and strike action may be restricted in law.

### **Legal framework for transnational agreements**

In 2005 the European Commission started discussions with the social partners about establishing a legal framework for transnational agreements for social dialogue and collective bargaining. The Commission's 2004 communication on social dialogue indicated that it would take an initiative in this area and the Commission appointed a group of legal experts to prepare an initial report.

During 2006 discussions over the framework were taken forward and it was discussed twice at the ETUC collective bargaining committee and at its collective bargaining summer school. A number of key issues have emerged from these debates. The first is that the ETUC, its affiliated confederations and industry federations agree that it should be the job of the industry federations to negotiate and sign collective agreements at European level. The European Metalworkers Federation is setting an example and has drawn up a mandating process for negotiating these kinds of agreements.

Among the other main issues are the legal rights that should be clarified at European level. The right to assembly, association and to strike are all established in various ways at national level but there would need to be a clear basis for these at European level if trade unions are to have any real power in transnational negotiations. EPSU has been following these debates closely and has shared many of the views expressed by confederations and other industry federations. There has been an initial discussion at EPSU's European works council co-ordinators group and there will be further opportunities to debate the issue in the lead up to the formal consultation process which the European Commission expects to launch in the second half of 2007.

## **Key bargaining developments**

We first provide a review of key developments related to the main bargaining issues facing EPSU affiliates and then include a number of reports on specific countries reports where we think there have been some particularly important developments. The focus then is on:

- collective bargaining and how some EPSU affiliates are trying to ensure they have full rights to collective bargaining;
- tackling low pay – particular initiatives in negotiations over the past 12 months to provide higher increases to the lower paid; and
- outsourcing – how EPSU affiliates have tried to defend pay and conditions and collective bargaining arrangements which are under threat from privatisation, outsourcing and sub-contracting.

### **Collective bargaining arrangements**

In several countries the issue of collective bargaining itself is a central concern from the fundamental question of the right to collective bargaining and the right to strike to more specific matters about how the process is carried out and with whom. ROTAL in **Estonia** continues to campaign for the right to conclude agreements for state officials in the most blatant case of a government of a European Union member state refusing to acknowledge the right to collective bargaining.

However, EPSU affiliates in **France** and **Portugal** also find themselves up against governments that have been imposing inadequate pay increases rather than get involved in proper negotiations. In **Turkey** civil service unions were involved in negotiations but pay increases this year were finally imposed after a conciliation board failed to resolve the dispute. The collective bargaining timetable is very short and civil servants don't have the right to strike so unions can only take protest action in support of their claim. EPSU affiliates in **Bulgaria** organised a national demonstration in May over a number of issues including restrictions on the right to strike in the public sector. However, there was progress here over the summer when new legislation was implemented to lift restrictions on public service workers, including those in the energy and healthcare sectors.

In **Italy** the main problem over the last couple of years has been the long delays in concluding new collective agreements and then getting them implemented across the public sector. This year tax workers took strike action in order to get their collective agreement applied after long delays. Following the general election victory for the centre-left coalition, it appeared that the new government would be more sympathetic towards public sector union demands. However, unions are not only concerned that there won't be enough money in the budget for adequate pay increases in 2007 but that the government may be planning job cuts to reduce the public sector deficit.

In the **UK** it is the structure of collective bargaining that is the key issue with the two main civil service unions, PCS and Prospect, continuing their campaign to establish a national pay framework to bring greater coherence to the current system of collective bargaining, which is decentralised over 200 bargaining groups.

In the UK energy sector there have been moves to consolidate bargaining in a number of companies including e.on, Scottish and Southern and EDF Energy. This follows a process of progressive decentralisation over a number of years following privatisation and liberalisation. However, progress at e.on has been stalled as most unions have rejected the company's proposals for harmonised pay and conditions across the company's UK operations.

### **Low pay**

Measures to tackle low pay have been a priority issue in **Germany** where ver.di and the NGG food and hospitality union launched a campaign for a legal minimum wage, with the initial target set at €7.50 an hour. The call for a legal minimum wage was also endorsed at the 2006 congress of the DGB trade union confederation, whose general secretary, Michael Sommer, had identified low pay as a central issue for the German labour movement in a speech at the beginning of the year. The German coalition government has been debating the issue although appeared more in favour of some form of legal protection based around minimum rates currently prevailing in a particular sector or locality rather than a statutory minimum wage set at a specific rate.

There have been a number of examples during the year where agreements on pay have included higher increases for the lower paid. In **Ireland** the social partners at national level signed a new agreement, *Towards 2016*, which provides for a 10% increase in pay over the next 27 months, while the lower paid (those earning €10.25 an hour or less) get 10.5%. **Turkish** civil servants are set to get pay rises of 12.2% in 2007, with 13.2% for the lower paid, in a deal finally imposed by the government after conciliation failed.

In **Norway**, both the state and municipal agreements included higher increases for the lower paid. In the state sector there was a flat-rate Nkr 9,000 (€1,150) increase for employees up to grade 41 and a 2.9% rise for higher grades. In the municipal sector there was a general increase of 2.6% but with a minimum rise of Nkr 7,000

(€925). There were also higher increases for certain minimum rates, so for example, the lowest paid workers with 10 years' service saw their minimum increase by just under 6% from NKr 240,000 (€30,770) to NKr 254,300 (€32.600).

Generalised low pay at a sectoral level is an issue for many EPSU affiliates across central and Eastern Europe. Health services in particular are suffering from recruitment problems and unions in **Poland**, **Bulgaria** and **Slovakia** organised strikes or demonstrations during the year to support claims for substantial pay increases. In **Estonia** low pay is also having an impact across the emergency services with the police, prisons and fire service all facing recruitment problems along with the health sector. In **Lithuania** unions organised a national demonstration in November in protest at low pay and long working hours, calling on the government to take steps to bring pay and working conditions more in line with the rest of the European Union.

### **Outsourcing**

There have been a number of interesting developments in outsourcing beginning with the results of the strike in the **Norwegian** electricity industry at the end of the summer. The dispute was over pay, allowances as well as outsourcing and produced a number of gains for the unions including clear requirements on outsourcing. In the first place is the requirement to negotiate any proposed change:

“Should the staffing requirement be short term and should the company therefore wish to hire labour or outsource parts of the work, this shall be negotiated in advance between the elected representatives, cf. Section 9.3 of the Main Contract. Long-term outsourcing of work shall also be negotiated in advance between the elected representatives.”

Then there is a rule requiring that the pay and conditions of the outsourced workers should be monitored:

“The company’s management shall, on request, verify to the elected representatives that hired labour and subcontractors have systematic wage and working conditions. Wage and working conditions that the elected representatives deem to be unfair in relation to central collective pay agreements in the area can be taken up for discussion with the company.”

Following pressure from trade unions the government in **Finland** is committed to introducing legislation that will require employers to check certain details of any new sub-contractors or employment agencies they use. This is to confirm that they are registered in Finland for tax purposes and that they comply with other areas of legislation such as employment law. The principal company will be able to demand information about collective agreements and the pay and conditions of the employees of the sub-contractor.

**German** unions in the **Swedish** state-owned energy group Vattenfall have secured an agreement with the company that any employees affected by outsourcing will continue to be covered by the existing collective agreement. The unions, including public service union ver.di, organised a number of demonstrations across Germany and were supported by SEKO, which organises in the parent company in Sweden.

UNISON, the biggest health union in the **UK**, is continuing to negotiate to ensure that health workers employed by private contractors are covered by the national pay and conditions agreement covering around one million workers in the National Health Service. However, the unions also negotiated a national deal with some of the main contractors that they would apply the agreement as well. This was not implemented so smoothly and the unions have had to ensure that agreement is put into effect at local level. Also in the health service the union is launching a campaign to stop

outsourcing of work by medical secretaries, which it says is raising issues around accuracy and privacy of patient information.

In the UK two unions have successfully negotiated two new national framework agreements with major outsourcing companies. PCS secured a new agreement with Capita, one of the biggest outsourcing firms in the UK. The agreement covers learning and training, employee involvement and a framework for negotiating pay and conditions at local level. Meanwhile the T&GWU transport and general union has signed a national agreement with Veolia Environmental Services for the first time. The agreement will cover around 1,000 refuse collectors and street and park cleaners working on municipal contracts. Veolia has contracts with 28 local authorities in the UK. The agreement covers union recognition, health and safety, time off and training for union representatives and disciplinary and grievance procedures. It also allows for a national meeting of shop stewards each year.

Powergen, owned by the German utility company E.ON, has decided to increase staffing at its five UK call centres by 980 following a decision to end its call centre operations in India. The company has been using call centres in India since 2001 but decided to increase jobs and staff training in the UK when complaints about its call centre services rose to twice the industry average.

## **Germany – working time challenge**

The main challenge for public service union ver.di this year was to negotiate a new collective agreement with the regional employers in the public sector. In 2005 the federal and local authority employers signed a new collective agreement covering around 2.1 million workers but the regional employers refused to endorse the agreement.

The main sticking point for the regional employers was working hours. In 2004 they had given notice that they would end the agreement on working time in order to introduce longer working hours for new employees. Negotiations with the federal and local employers did produce a concession on working time with weekly hours falling from 40 to 38 in Eastern Germany but rising from 38.5 to 39 in the West. However, the regional employers did not take part in these negotiations and were looking for more significant increases in hours, with some already introducing 41- or 42-hour working weeks for some of their employees.

The public service unions led by ver.di were determined to resist the regional employers' attempts to impose longer working hours and began a campaign of industrial action in February 2006. This lasted over 12 weeks and eventually forced the employers back to the negotiating table in May. In the meantime, some regional governments, including Baden-Württemberg and Lower Saxony, had decided to negotiate separate deals on working time.

The new deal with the regional employers was overwhelmingly endorsed by ver.di members and meant that a new pay 15-grade pay structure would be introduced for regional employees as it had been for local and federal government workers. A number of different arrangements were agreed on working time. Although regional employers in the regions of former East Germany are still able to apply a 40-hour week, hours for workers in western Germany were kept below 40 – averaging 39.22 hours across the nine regions that are still part of the collective negotiations (Berlin and Hessen negotiate separately).

A major dispute also occurred in the university hospital sector – also run by the regional governments – where an agreement was finally signed with different provisions for doctors. Most other health workers in the hospitals have a similar agreement to that applying to the rest of the public sector.

## **France – unions demand proper negotiations**

The French public service minister continues to rebuff union demands for full and proper negotiations over pay. The unions want a full review of the public sector pay structure and salary increases that compensate public service workers for the loss of purchasing power over the last five years.

The unions organised national demonstrations to back their case in February and March, a period that saw a high level of union campaigning against the government's planned CPE legislation that was intended to make it easier to sack young workers during their first two years' of employment. The anti-CPE campaign managed to gain considerable momentum as student organisations joined all the main trade union organisations in a rare display of united action. While the French government backed down over the CPE law but failed to budge on negotiations with public sector trade unions.

By the summer the unions were looking at the prospect of significant budget cuts across the public services and a reduction in staff numbers of 15,000. They were also concerned about the growth of short-term contracts in the public sector and restated their demands for negotiations to be opened on pay, jobs and conditions. Towards the end of the year five union federations got together to launch a petition calling for real pay increases for public sector workers, a restoration of their purchasing power and reform of the public sector pay structure.

Following their campaigns against the change in status of the EDF and GDF nationalised energy companies, unions found themselves facing a new challenge in early 2006 with the prospect of the immediate privatisation of GDF through a merger with the Suez utility company. The proposed merger was suddenly in prospect as a response to the attempt by the Italian energy company ENEL to launch a takeover bid of GDF. The change in status of the companies has implications for EDF/GDF employees who would previously have benefited from statutory protection of the pay and conditions comparable to civil servants. Trade unions fear that full-scale privatisation will lead to further attacks on their conditions of employment.

## **Spain – major new agreement for public sector workers**

In July the Spanish Council of Ministers approved the basic bill implementing major changes to the pay and conditions of public employees. It has taken around 18 months of meetings, reports and negotiations to finalise the statute that will apply to 2.5 million public employees in central, regional and local government as well as the autonomous provinces.

Some of the key points of the new law include:

- Creation of basic standards, including pay, across the whole of the public sector but at the same time allowing enough flexibility to recognise specific differences in jobs at local and regional level;
- Deepening of the social dialogue with the possibility of establishing a social dialogue process covering the whole of the public services;
- Cutting temporary employment;
- Guaranteeing that recruitment to the public service will be open and based on principals of equality, merit and competence, with a modernisation of the appointment and selection process with employees having rights and responsibilities in terms of training to adapt to new social and technological demands;
- Creating a more professional civil service with clearer career paths and increased mobility between different parts of the public administration;

- Acknowledging employee performance in a transparent and objective way in terms of both pay and employment - the agreement marks an end to the idea of a “job for life”;
- Establishing a code of conduct recognising the rights and responsibilities of public service employees; and
- Recognising the need to respond to current demands for equal treatment, to tackle violence at work and with zero tolerance of any kind of discrimination.

### **Ireland – new national agreement**

The key pay negotiations are conducted at national, inter-sectoral level and this year a new 27-month agreement was concluded. This provides for increases of 10% over the period with an extra 0.5% for workers earning less than €10.25 an hour. The agreement on pay is actually part of a much longer framework deal “Towards 2016” which includes a wide range of economic and social measures. In particular, it includes more measures and resources to monitor and protect employment rights with a new Office of the Director of Employment Rights and the appointment of more labour inspectors.

## Pay Increases 2003-2006

The table below provides a summary of pay increases negotiated over the last four years. On balance the trend has been for increases to match or keep ahead of inflation. However, there are significant exceptions. In France public sector increases have been below inflation over the past four years and the current claim of the union federations is for pay rises over the coming years to begin to make up the loss of purchasing power suffered since 2000. Similarly, in Portugal the government has taken a tough line on pay with a 1.5% increase imposed this year. In Germany the main public sector deals cover federal and local government with a separate agreement negotiated this year covering regional government.

	2003	2004	2005	2006
<b>Austria</b>				
Public administration	3.2	1.85	2.3	2.7
Wiener Stadtwerke	2.0		2.3	
Graz Stadtwerke	2.1	1.85	2.3	
Utilities			2.45	3.1
<b>Cyprus</b>				
Public sector	2.75	0.0	0.0	
<b>Czech Republic</b>				
Water	2.3			5.0
Electricity	6.3	7.6		
Gas	16.7	3.5	3.0	3.5
Health and social services	8.38	2.5	3.0	
<b>Denmark</b>				
Local government	5.3	3.4	3.1	
National administration <sup>1</sup>	4.2		2.3	1.52
<b>Estonia</b>				
Local government and social services	10.2	11.3	11.9	11.6
Health	25.0			
<b>Finland</b>				
Local government	1.8	1.7	2.5	
State	3.3	2.8		
Electricity – municipalities	2.3	1.7	2.5	1.9
Electricity – private sector			2.2	1.8
<b>France</b>				
Public sector	0.0	0.5	1.8	1.5
EDF	0.0	3.0	1.375 <sup>2</sup>	1.8 <sup>2</sup>
<b>Germany</b>				
Federal and local government	2.4	2.0	0.0 <sup>3</sup>	0.0 <sup>3</sup>
Regional government	2.4	2.0	0.0	0.0 <sup>4</sup>
AVEU	3.4	2.7	2.4	2.7
E.ON	3.2	2.3	2.2	2.9
<b>Greece</b>				
DEI – power company		6.2	6.0	
<b>Hungary</b>				
Public service			6.0	
Energy		8.0	6.5	4.5
Water	8.0	10.0	8.0	
<b>Ireland</b>				
National agreement	2.3	4.2	1.6	1.5
<b>Italy</b>				
Public sector		5.01		
Local government	3.2			
Electricity	2.6	2.5		
<b>Latvia</b>				
Health	21.0			

<b>Lithuania</b>				
Local government	5.0			
Health		10.0	20.0	
<b>Netherlands</b>				
National administration		0.8		1.5
Local government			1.0	
Energy			1.25	1.5
Hospitals			0.6	
<b>Norway</b>				
Local government	4.6	3.5	3.4	
National administration	4.4	3.7	3.4	3.9
Electricity	9.0		3.5	3.5 <sup>5</sup>
<b>Poland</b>				
Health	17.8	7.9		
<b>Portugal</b>				
Public sector	1.5	2.2	2.5	1.5
Water	1.5	2.2	8.11	
Electricity – EDP	2.7		2.88	2.74
<b>Slovak Republic</b>				
Energy	8.8	8.1		
Health		7.0		
National and local administration		7.0	5.0	
<b>Spain</b>				
Public sector	2.7	2.7	3.5	
<b>Sweden</b>				
Electricity	4.3			
Local government	2.1/4.1 <sup>6</sup>	1.9/3.2 <sup>6</sup>	2.0 <sup>7</sup>	
Private health		3.5		
Waste sector		2.91	2.83	2.75
<b>Switzerland</b>				
Federal government	1.0	0.8	1.4	
<b>UK</b>				
Health	3.2	3.225	3.225	2.5
Local government – England/Wales	3.5	2.75	2.95	2.95
Department for Work and Pensions <sup>8</sup>	5.05	4.0	4.0	5.0
Local government – Scotland	4.0 <sup>9</sup>	2.95	2.95	2.5
EDF Energy		3.95	3.5	4.2
E.ON UK			4.2	3.4

1 Denmark – state sector – the actual increases in this sector were 4.4% in 2003, 3.5% in 2004 and 1.5% in 2006 – figures for 2006 are not yet available.

2 EDF increases have been implemented in stages – in 2006 these were 0.6%, 0.8% and 0.4% in February, April and July

3 Germany - federal and local government – the agreement covering federal and local government (2005-2007) has no increases on pay rates but provides lump sum increases over the three years.

4 Regional government agreement provides only lump sum payments in 2006 and 2007.

5 Norway – electricity industry deal is 3.5% before local additions

6 Sweden – local government – the two figures give the general pay increase and then the general increase plus what's additionally achieved at local level.

7 The 2005 agreement provided a higher increase of 2.5% for workers on less than SEK18,500

8 UK - Department for Work and Pensions – increases are on total pay bill not pay rates

9 UK/Scotland – Local government – flat rate increase of £500 in 2002

# Social dialogue

## **Intersectoral level**

Discussions between the social partners at intersectoral level continue to be very difficult with the employers reluctant to allow significant progress on some key issues. The approach of the Commission appears to be that it is not a priority to pursue any further legal developments in terms of “Social Europe” and trade unions fear that, particularly in the light of the lack of progress around the Working Time Directive, that there is a risk of a retreat from some of the important gains that have been made.

The Council of Ministers has failed to resolve the impasse on working time with the UK government working hard to maintain support to retain the opt-out. There is now the prospect that the Council will deal separately with the opt-out and on-call issues. EPSU has been working hard in its campaign to end the opt-out and ensure that changes to the Directive reflect the European Court of Justice rulings that on-call time at work counts as working time.

The debate on violence at work has made some progress but the main sticking point at the moment is the employers’ reluctance to include third-party violence as part of any agreement. EPSU argues that for thousands of public service workers across Europe violence at work is a central concern primarily because of the threat of violence from third parties – the public and service users.

## **Sectoral level**

A key event in the sectoral social dialogue in 2006 was the first meeting of the formal **hospitals** sector committee involving EPSU as the single trade union federation and HOSPEEM, the hospital employers’ organisation set up by CEEP, the public sector employers’ organisation. Substantial progress was also made in the **gas** sector where the first formal meeting of the social dialogue committee will take place in March 2007.

## **Utilities**

### **Electricity**

Key areas of work for the social dialogue committee this year included a revision of a statement on health and safety and training which will take into account new directives on safety issues as well as gender equality aspects of health and safety. The statement also now takes account of the impact of outsourcing and the risks related to dealing with different employers in the event of dangerous situations. The committee will set up a permanent working group on health and safety with representation for women.

The committee has been working on equality and diversity for some time and has produced a draft toolkit to help employers and trade unions tackle these issues. The toolkit uses lots of examples of practical action from within the industry.

The initial results of the study on employment were debated with the trade union side focusing in particular on the impact of outsourcing, lack of new recruitment and the skills gap. Further results of the study will be assessed at a steering committee meeting in early 2007 and then the social dialogue committee will discuss the final results and seek to draw common conclusions later in the year.

Work on corporate social responsibility was taken forward with a conference organised for 12 December.

All these issues form part of the 2006-2007 work plan, along with discussions on restructuring, demographic change and the ageing workforce, the Commission Green Paper on energy policy and how the social dialogue committee can address the social aspects of the South East European Energy Community

## **National and European administrations**

In 2005 progress was made in setting up a trade union delegation led by EPSU as an important step in resolving one of the main stumbling blocks to establishing a formal social dialogue in the sector. At the end of 2005 the delegation was able to agree a joint statement on equality and diversity with the Directors General of Administration. In June 2006 the social partners took part in a seminar on mobility and were able to agree a joint statement on the mobility of civil servants.

At the end of 2006 the trade union delegation met with the Directors-General in Finland to discuss the theme of good leadership and management on the basis of a number of case studies.

EPSU is continuing to call for a more strategic approach to social dialogue with a clear work programme and a move away from a situation where the trade union delegation is responding to initiatives on subjects determined by the Directors-General. It is hoped that the Germany presidency will provide a good opportunity to make further progress towards a formal committee, particularly as there is support for this from the German administration itself.

## **Health and social services**

Much of the focus of activity during the year was preparation for the first meeting of the formal social dialogue committee in September. This involved drawing up rule of procedure for the committee itself and any working groups and drafting the work plan for 2006-2007. The committee will continue to develop important discussions developed by the informal social dialogue:

- recruitment and retention – looking in particular at cross-border recruitment;
- the ageing workforce in the hospital sector and how to promote active ageing policies; and
- new skill needs – looking at successful training initiatives.

## **Local and regional government**

Demographic change is one of the main issues being tackled by the local and regional government social dialogue committee with a working group set up to examine the challenges facing the sector. The key themes being investigated include lifelong learning, flexible working for older workers, recruiting more young workers into local and regional government and active mentoring by older workers. These were all discussed at working group meeting in June which provided with an overview of developments and able to exchange information on specific national initiatives.

The Committee, which has only been meeting formally since January 2004, is addressing as a priority the need to strengthen the social dialogue at both European and national levels, particularly in the New Member States. A working group on this subject took place in March looking at a range of initiatives that were taking place and what further could be done both to support and learn from national organisations in their efforts to build and develop social dialogue structures.

## Strikes and protest action 2006

The most sustained protests at national level have taken place in Portugal and France. In Portugal public administration unions have been striking and protesting at government policy on public sector pay and privatisation. There has been a range of demonstrations and strike action, culminating in a two-day national strike across the sector in November. Unions are already planning how to maintain their campaign into 2007. In France the unions have also focused on the failure of the government to undertake proper negotiations but these have also overlapped with private sector demonstrations on pay and the major protests against the CPE employment legislation in the spring. The proposed CPE law would have made it easier for employers to sack young workers but the government withdrew it after a series of massive protests by youth and student organisations along with all the main trade union federations.

The 14-week strike in German regional government showed the determination of ver.di and the other public sector unions to resist the employers' attempts to increase working hours. This was the longest industrial action in the public sector since the second world war but is unlikely to be the last time that ver.di has to face demands from the employers to increase weekly hours. Local government was also the focus of one of the biggest instances of strike action in the UK. Nine trade unions in the sector came together in support of a national one-day strike at the end of March which blocked the government's plans to cut the local government pension scheme. However, the issue has still not been resolved and there is currently a period of consultation over the latest government proposals for the scheme.

The table on the following page is a brief listing of the main actions that have been reported in *epsucob@NEWS* over the last 12 months,

<b>Strikes, demonstrations and other protests 2006</b>	
<b>Belgium</b>	
Strike over electricity privatisation proposals	May
Protests over collective agreement and funding in non-profit sector (Wallonia)	September, October
Strike over prison staffing and overcrowding	November
<b>Bulgaria</b>	
Protests over low pay and underfunding in health services	March
National protest over pay and restricted on right to strike in public service	May
<b>Estonia</b>	
All union demonstration against Employee Representation Act	May
ROTAL protest over low pay of state employees and lack of right to strike	September
<b>Finland</b>	
Strike over pay and part-time workers at SITA waste contractor	March
<b>France</b>	
National protests against CPE contracts for young workers	March, April
National protests against privatisation of GDF	March, June, October
National protests over pay and collective bargaining in public sector	February, March
Hospital doctors' one-day strike over pay	May
<b>Germany</b>	
14-week strike by regional government workers	February-May
<b>Greece</b>	
Waste sector workers' strikes over pay	April
National strike over pay, privatisation and government policy	May
Health workers' strike over pay and health service funding	June, December
<b>Ireland</b>	
Protests by care workers over cuts and zero-hours contracts	March
<b>Italy</b>	
Public health sector strike and demonstrations over collective agreement	February
Private health sector strike and demonstrations over collective agreement	March, April
National demonstration against precarious employment	November
Firefighters strike over budget cuts, staffing and fixed-term contracts	November
<b>Lithuania</b>	
Protests over low pay and working time	November
<b>Netherlands</b>	
Demonstrations and short work stoppages by care workers	March
<b>Norway</b>	
Electricity industry strike over pay, allowances and outsourcing	August
<b>Poland</b>	
Protests over low pay in health sector	April
<b>Portugal</b>	
Strikes and demonstrations in protest at government policy on pay and conditions in the public services, budget cuts and plans for privatisation	February, March, April, May, June, July, November
<b>Serbia</b>	
Power sector strike over pay	January
<b>Spain</b>	
Strike over working time and special payments in Madrid courts	November
<b>Sweden</b>	
Bus drivers' protests over violence at work	October
<b>Switzerland</b>	
National day of action on equal pay	June
National demonstration on pay involving public and private sectors	September
<b>UK</b>	
Department of Work and Pensions two-day strike over job cuts	January
National strike and lobby of parliament over pension reforms in local government	March, November
Strike action in protest at privatisation of NHS Logistics	September

## Appendix One: Governments across Europe

The following table provides a very basic summary of the current situation with the shaded lines those where there has been a change in the government as a result of general elections in 2006.

Country	Centre/ Right/Left/ Nationalist/ Liberal	Coalition/ Minority government/ Single party	Last election
Albania	CR	S	July 2005
Austria	CR-CL	C	October 2006
Belgium	CL	C	May 2003
Bosnia-Hercegovina	N/C	C	October 2002
Bulgaria	C/N	C	June 2005
Croatia	R	MG	November 2003
Cyprus	CR	C	May 2001
Czech Republic	CR	MG	June 2006
Denmark	CR	C-MG	February 2005
Estonia	CR-CL	C	March 2003
Finland	CL	C	April 2003
France	CR	C	June 2002
Germany	CL-CR	C	September 2005
Greece	CR	SP	March 2004
Hungary	CL	C	April 2006
Iceland	CR	C	May 2003
Ireland	CR	C	May 2002
Italy	CL	C	April 2006
Latvia	CR	C	October 2006
Lithuania	CR	C	October 2004
Luxembourg	CR	C	June 2004
Macedonia	CR	C	July 2006
Malta	CR	SP	April 2003
Montenegro	C	C	September 2006
Netherlands	CR-CL	C	November 2006
Norway	CL	C	September 2005
Poland	R	C-MG	September 2005
Portugal	CL	SP	February 2005
Romania	CR	C	November 2004
Serbia	CR	C	December 2003
Slovakia	CL-R	C	June 2006
Slovenia	CR-CL	C	October 2004
Spain	CL	SP	March 2004
Sweden	CR	C	September 2006
Switzerland	CR-CL	C	October 2003
Turkey	CR	SP	November 2002
UK	CL	SP	May 2005

**C=coalition, MG= minority government, SP=single party, CR=centre-right, CL=centre-left, L=left, N=nationalist**

## Appendix Two

### Inflation, unemployment and productivity

The tables give the average increase in the consumer price index and average unemployment rates for the five years 2002-2006 as provided by Eurostat.

<b>Inflation</b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Austria	1.7	1.3	2.0	2.1	1.7
Belgium	1.6	1.5	1.9	2.5	2.4
Bulgaria	5.8	2.3	6.1	5.0	7.3
Cyprus	2.8	4.0	1.9	2.0	2.3
Czech Republic	1.4	-0.1	2.6	1.6	2.2
Denmark	2.4	2.0	0.9	1.7	1.9
Estonia	3.6	1.4	3.0	4.1	4.3
Finland	2.0	1.3	0.1	0.8	1.2
France	1.9	2.2	2.3	1.9	1.9
Germany	1.3	1.0	1.8	1.9	1.9
Greece	3.9	3.4	3.0	3.5	3.4
Hungary	5.2	4.7	6.8	3.5	3.5
Ireland	4.7	4.0	2.3	2.2	2.6
Italy	2.6	2.8	2.3	2.2	2.3
Latvia	2.0	2.9	6.2	6.9	6.7
Lithuania	0.4	-1.1	1.1	2.7	3.6
Luxembourg	2.1	2.5	3.2	3.8	3.2
Malta	2.6	1.9	2.7	2.5	3.1
Netherlands	3.9	2.2	1.4	1.5	1.7
Norway	1.3	2.5	0.4	1.5	2.4
Poland	1.9	0.7	3.6	2.2	1.2
Portugal	3.7	3.3	2.5	2.1	3.1
Romania	22.5	15.3	11.9	9.1	7.3
Slovak Republic	3.5	8.5	7.4	2.8	4.3
Slovenia	7.5	5.7	3.6	2.5	2.5
Spain	3.6	3.1	3.1	3.4	3.7
Sweden	2.0	2.3	1.0	0.8	1.5
UK	1.3	1.4	1.3	2.1	2.7

<b>Unemployment</b>					
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Austria	4.2	4.3	4.5	5.3	4.7
Belgium	7.3	8.0	7.8	8.4	8.6
Bulgaria	17.8	13.6	11.9	10.4	
Cyprus	3.9	4.5	5.0	6.3	5.0
Czech Republic	7.3	7.8	8.3	7.9	7.0
Denmark	4.6	5.6	5.4	4.7	3.5
Estonia	9.5	10.2	9.2	6.9	4.4
Finland	9.1	9.0	8.8	8.1	7.9
France	8.9	9.5	9.7	9.3	8.9
Germany	8.2	9.0	9.5	9.1	8.7
Greece	10.3	9.7	10.5	9.9	9.0
Hungary	5.6	5.8	5.9	7.3	7.6
Ireland	4.3	4.6	4.5	4.3	4.2
Italy	8.6	8.4	8.0	7.7	6.8
Latvia	12.6	10.4	9.8	8.7	6.8
Lithuania	13.5	12.7	10.8	7.3	6.1
Luxembourg	2.8	3.7	4.2	5.6	4.9
Malta	7.7	8.0	7.3	7.7	7.5
Netherlands	2.8	3.7	4.6	4.7	4.0
Norway	3.9	4.5	4.5	4.7	
Poland	19.8	19.2	18.8	17.6	14.1
Portugal	5.0	6.3	6.7	7.3	7.2
Romania	7.5	6.8	7.1	5.6	
Slovak Republic	18.7	17.5	18.0	16.2	12.8
Slovenia	6.1	6.5	6.0	5.8	5.7
Spain	11.5	11.5	11.0	8.6	7.8
Sweden	4.9	5.6	6.3	6.3	
UK	5.1	4.9	4.7	4.6	5.6

The table below gives the annual percentage increase in productivity per hour worked. The figures are from the 2006 edition of the European Commission's annual *Employment in Europe* report.

<b>Productivity</b>					
	2002	2003	2004	2005	2006
Austria	1.0	1.3	2.2	1.3	1.7
Belgium	1.7	1.3	3.3	0.9	1.8
Czech Republic	0.9	5.1	3.9	4.8	4.5
Cyprus	1.0	0.9	2.3	2.2	2.3
Denmark	0.9	2.2	2.6	1.5	2.1
Estonia	5.6	5.1	7.2	7.1	6.9
Finland	1.0	2.1	2.8	2.1	2.1
France	3.1	1.5	2.1	1.0	1.4
Germany	1.5	1.2	0.9	1.5	1.2
Greece	3.7	3.4	3.0	2.0	1.7
Hungary	3.4	3.5	6.0	3.8	4.4
Ireland	5.5	3.7	1.7	0.6	2.3
Italy	-0.2	-0.2	0.3	0.4	1.1
Latvia	5.2	4.4	10.3	8.0	6.9
Lithuania	4.4	9.3	5.9	1.9	5.3
Luxembourg	1.2	1.5	4.0	1.1	1.3
Malta	1.4	-1.0	-4.7	4.0	1.4
Netherlands	0.7	0.5	3.3	1.3	1.2
Poland	4.3	4.8	4.2	0.9	2.0
Portugal	0.2	0.4	0.0	0.5	0.7
Slovakia	7.8	5.3	3.4	4.5	5.1
Slovenia	5.1	2.5	6.5	2.1	2.7
Spain	0.5	0.6	0.8	0.5	0.4
Sweden	3.3	3.2	2.9	2.2	2.4
UK	2.4	2.4	2.5	1.5	2.6

Comparable figures for Bulgaria, Croatia, Romania and Turkey are not available