

Incomes policy agreement for the years **2003–2004**

2.12.2002



INCOMES POLICY AGREEMENT FOR THE YEARS 2003 - 2004

The central organisations signing this agreement (hereinafter *the signatory parties*) have today found and agreed, that sectoral collective agreements for private and public sectors (hereinafter *collective agreements*) have been renewed according to the preliminary incomes policy agreement (hereinafter *the preliminary agreement*) reached 18 November 2002 between the signatory parties.

Thus, the signatory parties ratify the preliminary agreement into the incomes policy agreement for the years 2003 - 2004.

Helsinki, 2 December 2002

CONFEDERATION OF UNIONS FOR ACADEMIC
PROFESSIONALS IN FINLAND (AKAVA)

COMMISSION FOR CHURCH EMPLOYERS (KiSV)

COMMISSION FOR LOCAL AUTHORITY EMPLOYERS (KT)

EMPLOYERS' CONFEDERATION OF SERVICE INDUSTRIES IN
FINLAND (PT)

CENTRAL ORGANISATION OF FINNISH TRADE UNIONS (SAK)

FINNISH CONFEDERATION OF SALARIED EMPLOYEES (STTK)

CONFEDERATION OF FINNISH INDUSTRY AND EMPLOYERS
(TT)

STATE EMPLOYER'S OFFICE (VTML)

INCOMES POLICY AGREEMENT FOR THE YEARS 2003 – 2004

1

OBJECTIVES

The purpose of this agreement is to provide support for a favourable development in the economy and in the employment situation by seeking to strengthen the employment, control inflation, preserve the stable growth of purchasing power and maintain competitiveness. These goals are also supported by the Finnish government's measures to improve the employment and reduce taxes.

2

DECISIONS ON COLLECTIVE AGREEMENTS FOR PRIVATE AND PUBLIC SECTORS

2.1

Agreement period

Independent of the periods of validity of the current collective agreements, their validity shall terminate on 31 January 2003, and they shall be renewed with the alterations specified hereafter. The new collective agreements shall take effect on 1 February 2003, provided that the signatory parties to this preliminary agreement ratify the agreement with their signatures into the incomes policy agreement.

The new collective agreement period shall end on 15 February 2005.

Nevertheless, if the period of validity of a previously concluded collective agreement shall end after 31 January 2003, it shall end on the same date in 2005, if not agreed otherwise by the parties to the collective agreement (hereinafter *the sectoral parties*) in question.

2.2

Adjustments in wages and salaries

THE YEAR 2003

2.2.1

General increase

Wages and salaries shall be increased from the beginning of the pay period starting on 1 March 2003 or the first pay period starting after this date by a general increase amounting to 17 cents per hour or 28.39 euros per month, however at least 1.8 per cent.

2.2.2

Sectoral allowance

In addition to the general increase wages and salaries shall be increased from the date mentioned in section 2.2.1 by a sectoral allowance of 0.8 per cent.

Sectoral parties may agree that the sectoral allowance or a part of it shall be transferred to the use of local parties at the level of company, bureau, municipality or place of business. In this case, the amount of the allowance transferred shall be verified jointly by the local parties.

If agreed, the use of sectoral allowance or company level allowance can be postponed to a later date. However, postponements of this type shall not increase the amount of sectoral or company level allowance.

If the sectoral or company level allowance is to be used at a later date, it may be agreed that the postponement shall be compensated by a lump sum payment of the corresponding size.

If there is no agreement on the use of the sectoral or company level allowance, it shall be paid as a general increase based on percentage.

2.2.3

Equality allowance

The sectoral parties shall use an equality allowance from the beginning of the pay period starting on 1 March 2003 or the first pay period starting after this date.

The amount of the allowance is defined as follows:

The percentage proportion of women (for example 50 % = 0.50) of all the employees within the collective agreement in question shall be multiplied by a coefficient of 0.45. Then the percentage proportion of employees within the collective agreement earning less than 9.88 euros per hour or 1650 euros per month shall be multiplied by a coefficient of 0.15. The results of these two calculations are added together.

The signatory parties shall calculate the amount of the equality allowance for every sector, using the statistical information from the fourth quarter of 2001, or a corresponding statistical period.

The equality allowance shall be used according to an agreement between the sectoral parties. If no such agreement is made, the allowance shall be paid as a general increase based on a percentage. The use, date of effect, and methods concerning the allowance shall also otherwise be governed by section 2.2.2.

When agreeing on the use of the equality allowance, the grounds for determining the allowance must be observed. The purpose of the allowance is to seek to raise the remuneration of women whose pay is not consistent with the requirements of their work and with the education and training they have, and also to bring remuneration into line in sectors that are relatively low-paid.

2.2.4

Tariff wages and salaries

As of 1 March 2003 the tariff wages and salaries included in the collective agreements for the private sector shall be increased in each sector by an amount in per cent, euros or cents that corresponds to the general increase in the sector. The sector-specific general increase shall correspond to this preliminary agreement unless the sectoral allowance or the equality allowance is being used to raise the sector-specific general increase.

The increase of tariff wages and salaries shall not lead to such raises in individual wages and salaries as would exceed the sector-specific general increase. Nevertheless, an exception to this rule may be made if the sectoral or equality allowance is used to renew or maintain a pay system based on a collective agreement. In such cases, the costs must be covered in full and the sectoral parties must agree on the amount needed to cover the costs. The sectoral parties may agree as set forth in section 2.2.2 to transfer part of the sectoral allowance to cover the costs at the company level.

In the public sector, minimum wages and salaries, basic wages and salaries and other tariff wages and salaries shall be increased as of 1 March 2003 by an amount corresponding to the general increase.

2.2.5

Pay increments

Increments for shift work and other increments for work under special conditions shall be raised as of 1 March 2003 by a percentage corresponding to the effect of the general increase on the level of wages and salaries in the sector in question. However, these increments shall be raised only in the case that they have not already been increased on the basis of their grounds for calculation. The increments shall be rounded to the nearest cent.

THE YEAR 2004

2.2.6

General increase

Wages and salaries shall be increased from the beginning of the pay period starting on 1 March 2004 or the first pay period starting after this date by a general increase amounting to 16 cents per hour or 26.72 euros per month, however at least 1.7 per cent.

2.2.7

Sectoral allowance

In addition to the general increase wages and salaries shall be increased from the date mentioned in section 2.2.6 by a sectoral allowance of 0.5 per cent.

Sectoral parties may agree that the sectoral allowance or a part of it shall be transferred to the use of local parties at the level of company, bureau, municipality or place of business. In this case, the amount of the allowance transferred shall be verified jointly by the local parties.

If agreed, the use of sectoral allowance or company level allowance can be postponed to a later date. However, postponements of this type shall not increase the amount of sectoral or company level allowance.

If the sectoral or company level allowance is to be used at a later date, it may be agreed that the postponement shall be compensated by a lump sum payment of the corresponding size.

If there is no agreement on the use of the sectoral or company level allowance, it shall be paid as a general increase based on percentage.

2.2.8

Tariff wages and salaries As of 1 March 2004 the tariff wages and salaries included in the collective agreements for the private sector shall be increased in each sector by an amount in per cent, euros or cents that corresponds to the general increase in the sector. The sector-specific general increase shall correspond to this preliminary agreement unless the sectoral allowance is being used to raise the sector-specific general increase.

The increase of tariff wages and salaries shall not lead to such raises in individual wages and salaries as would exceed the sector-specific general increase. Nevertheless, an exception to this rule may be made if the sectoral allowance is used to renew or maintain a pay system based on a collective agreement. In such cases, the costs must be covered in full and the sectoral parties must agree on the amount needed to cover the costs. The sectoral parties may agree as set forth in section 2.2.7 to transfer part of the sectoral allowance to cover the costs at the company level.

In the public sector, minimum wages and salaries, basic wages and salaries and other tariff wages and salaries shall be increased as of 1 March 2004 by an amount corresponding to the general increase.

2.2.9

Pay increments

Increments for shift work and other increments for work under special conditions shall be raised as of 1 March 2004 by a percentage corresponding to the effect of the general increase on the level of wages and salaries in the sector in question. However, these increments shall be raised only in the case that they have not already been increased on the basis of their grounds for calculation. The increments shall be rounded to the nearest cent.

2.3

Sectoral pay increase and negotiation clauses as well as other sector-specific special arrangements

Instead of implementing negotiation clauses concerning general pay increases for the year 2003 and thereafter contained in previously concluded collective agreements, wage and salary increases shall be implemented according to this agreement.

Nevertheless, this agreement shall not alter those clauses in previously concluded collective agreements that concern sector-specific pay raises or developing of pay systems, or other sector-specific special arrangements to be implemented in the year 2003 and thereafter.

If a collective agreement contains dates for wage and salary increases for the year 2003 and thereafter different from the dates agreed in this agreement, the previously agreed dates shall be applied, unless the sectoral parties agree otherwise.

2.4**Pay indexation clause**

The signatory parties shall meet in November – December 2003 to review the economic situation, prices, and the factors affecting them.

The Incomes Policy Settlement Commission shall assess the rise in the consumer price index (2000=100) from November 2002 to October 2003. The index clause below shall be implemented if the signatory parties do not unanimously agree otherwise.

If the consumer price index (2000=100) rises more than 2.7 per cent from November 2002 to October 2003, wages and salaries shall be raised by an amount corresponding to the percentage exceeding 2.7 per cent, in connection with the ensuing general increase.

The change in the consumer price index shall be calculated on the basis of two-decimal index points. The increase of the index shall be rounded up to a one-decimal percentage.

However, increases of less than or equal to 0.4 per cent shall not be paid.

The Incomes Policy Settlement Commission shall make the relevant statements on the size of any index-related increase in wages and salaries.

2.5**Evaluation clause**

The signatory parties shall meet in May 2004 to review the extent to which the aims of this agreement have been achieved and to monitor increases in earnings.

The period for which earnings shall be monitored is the fourth quarter of 2002 to the fourth quarter of 2003 or a corresponding statistical period. The Incomes Policy Settlement Commission shall assist in the monitoring if necessary. The monitoring shall focus on how evenly increases in earnings for all employees and for various sectors have been spread during the agreement period, considering the aims of the agreement. The extent of the monitoring work relating to various sectors shall be defined by the signatory parties. If there is no statistical material on wages and salaries, other reliable information may be used.

The signatory parties shall agree on the necessary measures.

Should any of the signatory parties hold that the monitoring process described above has not contributed to an end result intended in this agreement for one or more sectors, the concerned party can require the issue to be transferred to a settlement committee expressly nominated for this purpose.

Each of the signatory parties shall nominate one person to the settlement committee. The National Conciliator shall act as the chairman of the committee. The National Conciliator decides on the representation of a sectoral organisation participating in this agreement without being a

member of the signatory parties, based on a proposal by the organisation in question. Participating in the committee session shall be the representatives of the dissenting organisations and the chairman. If the committee takes a vote, the majority shall prevail. If all members of the committee disagree, the opinion of the chairman shall be decisive.

If parties to a collective agreement are members of more than one of the signatory parties, the settlement committee shall be formed so as to include representatives from each of those signatory parties. In such case, the parties shall have an equal number of votes on both sides. If the votes of the parties' representatives are evenly split between the alternative solutions, the final decision shall be the opinion supported by the chairman of the committee.

A decision of the committee shall be binding with an effect of a collective agreement for the parties represented on the committee and for the sectoral parties concerned.

A request to transfer an issue to the settlement committee must be made no later than 13 August 2004, and the committee shall make its decision no later than 30 September 2004.

The implementation procedure for any wage or salary increases on the basis of this clause shall be decided by the sectoral parties. If the parties cannot agree on how to implement the adjustment, the increases shall be paid in connection with the ensuing general increase as an equal-sized percentage to all.

2.6

Travel allowances

The tax-free travel allowances and the grounds for their determination for the years 2003, 2004 and for the part of 2005 covered by the agreement shall be determined according to the relevant decisions of the National Board of Taxes.

If the travel allowances set by a collective agreement deviate from those decided by the National Board of Taxes, the collective agreement in question shall be revised as of 1 February 2003, 1 January 2004 and 1 January 2005 to correspond with the previous practice.

2.7

Cost-of-living classification of municipalities

During the term of the agreement, the wage and salary clauses in the collective agreements shall be subject to the national cost-of-living classification of municipalities according to Government decision 25.11.1999/1090.

3

CONTINUOUS NEGOTIATION

3.1

Goals of the continuous negotiation system

Discussions of various issues during the agreement period shall support the developing of collective agreements and improve ability to adapt to changes. In this way, conditions for long-term labour market policy can be created.

Within the system of continuous negotiations there is an opportunity for labour market organisations on both central and sectoral level to flexibly collaborate on common projects to develop working life. Working life can be guided by joint development projects and by highlighting best practices.

3.2

Principles of the continuous negotiation system

To improve the bargaining system between the signatory parties, the parties are prepared to use continuous negotiations in their mutual and reciprocal relationships. Accordingly, the parties can bring up initiatives on issues to be handled or negotiated during the term of the agreement. The parties are ready to work together to handle proposals presented to them as well as to assess what kind of actions are needed on the basis of the proposals.

The parties shall continue their work to develop present bargaining system, contractual relations, negotiation practices and labour market policy.

The system of continuous negotiations may also include issues requiring tripartite negotiation, such as pensions policy and unemployment benefits.

3.3

Recommendation to the member organisations for continuous negotiation

The central organisations recommend to their member organisations that they should assess any improvement needs and possibilities within the bargaining system and contractual relations in respective sectors, and that they should strive to adopt the principles of continuous negotiation system.

4

DEVELOPMENT OF WORKING LIFE

The signatory parties have agreed on issues relating to the development of working life as set forth in Attachment 1. Sectoral negotiations on the implementation of this agreement must take account of clauses 6.1 – 6.5 in the Attachment.

5**MAINTENANCE AND DEVELOPMENT OF KNOWLEDGE AND COMPETENCES**

The signatory parties have agreed on issues relating to the maintenance and development of knowledge and competences as set forth in Attachment 2.

6**EMPLOYMENT POLICY**

The signatory parties have agreed on a joint position on the employment policy as specified in Attachment 3.

7**SCOPE, VALIDITY AND DATE OF EFFECT**

The signatory parties call for all their member organisations to renew their collective agreements according to this preliminary agreement, at the latest on 30 November 2002, thus ensuring that below-mentioned common confirmation notes to the central organisations can be given on time.

The signatory parties shall do everything possible to ensure that this preliminary agreement shall be implemented on the basis described above. Nevertheless, if sectoral parties are unanimous, they can agree upon such sector-specific issues as are not inconsistent with this agreement.

The collective agreements shall contain the following clause:

Unless the preliminary incomes policy agreement, signed on 18 November 2002, shall be ratified into the incomes policy agreement, this agreement shall become void.

The sectoral parties shall deliver a confirmation note corresponding to Attachment 4 for any collective agreements concluded according to this preliminary agreement. The confirmation notes shall be delivered to the parties' central organisations and to the office of the National Conciliator no later than 30 November 2002 at 4 p.m.

The signatory parties of the preliminary agreement shall ratify the agreement into the incomes policy agreement immediately after the sectoral collective agreements have been concluded in the manner described above.

The incomes policy agreement shall be signed between the parties on 1 December 2002, provided that all the signatory parties of the preliminary agreement have approved the agreement. A written notice of acceptance shall immediately be given to all other parties.

By signing this preliminary agreement, the signatory parties encourage all sectoral parties to start their sectoral negotiations in order to implement this agreement.

Helsinki, 18 November 2002

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ATTACHMENTS (not included in the translation)

1. Development of working life
2. Maintenance and development of knowledge and competences
3. Joint position on employment policy
4. Confirmation note



SAK

At work with you

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