

# **INCOMES POLICY AGREEMENT FOR THE YEARS 2001 – 2002**

15 December, 2000

## **INCOMES POLICY AGREEMENT FOR THE YEARS 2001 - 2002**

The signatory organisations have today found and agreed, that the sectoral collective agreements have been renewed according to the guidelines of the preliminary incomes policy agreement. The signatory parties confirm the above mentioned preliminary agreement into the incomes policy agreement for the years 2001 - 2002.

In Helsinki, 15 December, 2000

COMMISSION FOR CHURCH EMPLOYERS

COMMISSION FOR LOCAL AUTHORITY EMPLOYERS

THE EMPLOYERS' CONFEDERATION OF SERVICE INDUSTRIES  
IN FINLAND

THE CENTRAL ORGANISATION OF FINNISH TRADE UNIONS  
SAK

FINNISH CONFEDERATION OF SALARIED EMPLOYEES STTK

CONFEDERATION OF FINNISH INDUSTRY AND EMPLOYERS

STATE EMPLOYER'S OFFICE

## **INCOMES POLICY AGREEMENT FOR THE YEARS 2001 - 2002**

1

### **BASIC PREMISES**

The purpose of this agreement is to provide support for the current favourable development in the national economy and the employment situation by strengthening the stability and predictability of the economy. The goal of this agreement is to curtail inflation, stable increase of the purchasing power and competitiveness through an integration of solutions which relates to both salaries and wages and taxation.

The agreement contains arrangements that promote working life and lifelong learning. The contracting parties shall develop a continuous system of negotiations.

Euro will be taken into use as cash currency during the period of validity of the agreement. Therefore, the contracting parties have also agreed upon the procedures and recommendations relating to the adoption of the euro.

2

### **DECISIONS ON COLLECTIVE AGREEMENTS**

2.1

#### **Agreement period**

Independent of the periods of validity of the current collective agreements, their validity will terminate on 31 January, 2001, and they shall be renewed with the alterations specified here after. The new collective agreements will become valid on 1 February, 2001, provided that the parties of the preliminary incomes policy agreement will ratify the agreement with their signature.

The new collective agreement period will end on 31 January, 2003.

Nevertheless, if the period of validity of a previous, sectoral agreement shall end after 31 January, 2003, the ending date of the new agreement will be the same as that of the previous sectoral agreement.

2.2

#### **Changes in wages and salaries**

### **THE YEAR 2001**

2.2.1

#### **General increase**

Wages will be increased from the beginning of the pay period starting on 1 February 2001 or starting after this date, with a general increase, amounting to 120 pennies (20 cents) per hour and salaries 200 marks (33,64 euro) per month, however at least 2.1 per cent.

### 2.2.2 Sectoral allowance

In addition to the general increase wages and salaries will be increased from the dates mentioned above by a sectoral amount of 0.5 per cent.

The sectoral contracting parties can agree upon of leaving amount or part of it into the use of local parties at the level of company, bureau, municipality or place of business. In this case, the amount of local allowance shall be verified together by the employer and the employees.

If agreed, the sectoral amount and the local amount can be postponed to a later date. Nevertheless, postponements of this type shall not make the sectoral or local amount larger.

If the sectoral amount or the local amount are to be paid at a later date, the postponement can be compensated by a lump sum payment of the corresponding size.

If there is no agreement on the use of the sectoral amount or the local amount, they shall be paid as a general increase based on a percentage.

### 2.2.3 Equality allowance

The sectors concerned may use a special equality allowance from the beginning of the pay period starting on 1 February 2001 or starting after this date.

The amount of the allowance by sector is defined as follows:

The proportional amount of women within the collective agreement of the sector concerned shall be multiplied by the coefficient of 0.6. Then the proportional amount of employees earning less than 59 marks per hour or less than 9,950 marks per month shall be multiplied by the coefficient of 0.2. The results of these two calculations are added together.

The organizations signing this incomes policy agreement shall calculate the amount of the equality allowance for every sector involved, using the statistical information of the fourth quarter of 1999, or for a corresponding statistical period.

This amount shall be used according to a mutual agreement between the sectoral contracting parties. If no such agreement is made, the amount shall be paid as a general increase based on a percentage. The use, implementation time, and the methods shall be governed by section of 2.2.2.

When agreements are made on the use of the equality allowance, the principles of calculating the amount must be observed. The purpose of this allowance is to raise the remuneration of women who are not being paid well enough considering the difficulty of their work and the education they have, and its purpose is also to make corrections to the remuneration within industries that have been found to be proportionally low-paid.

#### 2.2.4

##### Guideline salaries

As of 1 February 2001, the guideline wages and salaries included in the collective agreements in the private sector will be increased in each sector with the percentage or with an amount in Finnish marks that corresponds to the general increase in the sector. The sector-specific general increase will correspond the general increase mentioned above unless there will be sector-specific agreements on using the sectoral allowance or equality allowance to raise the general increase. The increase of guideline wages and salaries cannot lead to such raises of personal salaries that would exceed the general increase agreed in the sector. Nevertheless, an exception to this rule can be made, if sectoral or equality allowances are to be used to renew payment systems in collective agreement.

In the public sector, minimum wages and salaries, basic wages and salaries, basic levels, guideline salaries and wage limits will be increased as of 1 February 2001 with the amount corresponding to the general increase.

#### 2.2.5

##### Pay increments

Increments for shift work and other increments for work under special conditions will be raised as of 1 February 2001 with a percentage that corresponds to the effect the general increase has on wages in the concerned sector. These increments shall be increased only if they are not increased otherwise on account of the basis they are calculated on in connection with the increase of wages and salaries. These increments will be rounded off to the closest five pennies.

### THE YEAR 2002

#### 2.2.6

##### General increase

Wages will be increased from the beginning of the pay period, which starts 1 March 2002 or from the beginning of the next pay period with the general increase, which is 18 cents (107 pennies) per hour and salaries 30 euros (179 Finnish marks) per month, however, at least 1.9 per cent.

## 2.2.7

## Sectoral allowance

In addition to the general increase, wages and salaries will be increased with the sectoral amount of 0.3 per cent as of the time when the general increase takes place.

The sectoral contracting parties can agree upon of leaving amount or part of it into the use of local parties at the level of company, bureau, municipality or place of business. In this case, the amount of local allowance shall be verified together by the employer and the employees.

If agreed, the sectoral amount and the local amount can be postponed to a later date. Nevertheless, postponements of this type shall not make the sectoral or local amount larger.

If the sectoral amount or the local amount are to be paid at a later date, the postponement can be compensated by a lump sum payment of the corresponding size.

If there is no agreement on the use of the sectoral amount or the local amount, they shall be paid as a general increase based on a percentage.

## 2.2.8

## Guideline salaries

As of 1 March 2002, the guideline wages and salaries included in the collective agreements in the private sector will be increased in each sector with the percentage or with an amount in euro or cents that corresponds to the general increase in the sector. The sector-specific general increase will correspond the general increase of section 2.2.6 unless there will be sector-specific agreements on using the sectoral allowance to raise the general increase. The increase of guideline wages and salaries cannot lead to such raises of personal salaries that would exceed the general increase agreed in the sector. Nevertheless, an exception to this rule can be made, if sectoral allowance is to be used to renew payment systems in sectoral collective agreement.

In the public sector, minimum wages and salaries, basic wages and salaries, basic levels, guideline salaries and wage limits will be increased as of 1 March 2002 with the amount corresponding to the general increase.

## 2.2.9

## Pay increments

Increments for shift work and other increments for work under special conditions will be raised as of 1 March 2002 with a percentage that corresponds to the effect the general increase has on wages in the concerned sector. These increments shall be increased only if they are not increased otherwise on account of the basis they are calculated on in connection with the increase of wages and salaries. These increases will be rounded off to the closest cent.

## 2.3

Wage and salary increases, negotiation clauses and special arrangements  
in previous sectoral collective agreements

Instead of implementing the sectoral clauses related to negotiating and settlement procedures concerning the pay increases left open for the year 2001 and there after, raises in salaries and wages shall be implemented according to this incomes policy agreement.

Nevertheless, this incomes policy shall not change those sectoral raises, compensation system development or other special arrangements agreed in previous agreements for the year 2001 and the ensuing periods.

If the sectoral agreement for the year 2001 and the ensuing periods contains dates for wage and salary increases different from the dates agreed in this incomes policy, the previously agreed dates should remain in force, unless the sectoral contracting parties otherwise agree.

## 2.4

## The adoption of euro

To make the conversion of collective agreements into euros easier, and to facilitate the adoption of euro in the management of wages and salaries during the transition period, the central organizations have agreed to issue a recommendation according to Attachment no. 1 to those sectors that have not yet agreed on the adoption of the euro.

## 2.5

## Monitoring of the national economy, and the Index Clause

The Incomes policy information commission shall monitor Finland's and other EMU countries' national economies, competitiveness, employment, prices and earnings, and shall verify the change in the consumer price index (1995=100) from January 2001 to December 2001.

In January 2002, on the basis of a report given by the Incomes policy information commission, the parties to this agreement shall assess the economic development and agree on measures that the situation may require. The index clause below shall be implemented unless the parties unanimously otherwise agree.

If the consumer price index (1995=100) were, between January 2001 and December 2001, to exceed the limit of increase of 2.6 per cent, the wages and salaries shall be raised by an amount corresponding to the percentage exceeding 2.6 per cent, in connection with the ensuing general increase.

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

Nevertheless, if the increase in salaries and wages were to be less than or equal to 0.4 per cent, the increase shall not be paid.

The Incomes policy information commission shall make the relevant statements on the changes in the consumer price index, and if needed, on the size of a related increase in the wages and salaries.

## 2.6

### Revision clause

The contracting parties agree to review in April – May 2002 the general trends of the economy, to assess the realization of the aims of this agreement, and to monitor the development of earnings.

The period during which the earnings shall be monitored is the fourth quarter of 2000 to the fourth quarter of 2001 or another corresponding statistical time period. If necessary, the research shall be conducted with the help of the Incomes policy information commission. The monitoring shall focus on whether the development of earnings for all employees and for various sectors or industries has been spread evenly enough, during the agreement period, considering the aims of this agreement. The extent of the research work relating to various sectors shall be defined by the contracting parties.

The contracting parties shall agree on the necessary measures.

Should any of the contracting parties hold that the monitoring process described above has not contributed to an end result matching the aims of this agreement, the concerned party can demand that the monitoring assignment be transferred to a special committee, nominated for this very purpose.

Each of the signatory parties of this agreement shall nominate one person to the special committee. The National Conciliator shall act as the chairman of the committee. The National Conciliator decides on who shall represent a sectoral organization participating in this agreement without being a member of the undersigned parties in the special committee, on the basis of a proposal given by the organization. As participants of the committee session shall be representatives of the disagreeing organizations and the chairman. If the committee were to make decisions by vote, the opinion seconded by the majority shall be the final decision. If all members of the committee were to disagree, then the opinion of the chairman shall be the final decision.

If one sectoral collective agreement were to have contracting parties that are members of more than one undersigned employers' or employees' central organizations of this agreement, the special committee shall be formed so as to include elected representatives from each of the signatory organizations. In this way, the contracting parties on both sides



shall have an equal number of votes. Were the votes to be evenly distributed between alternative solutions, the final decision shall be the opinion seconded by the chairman of the committee.

The committee decision is binding for the parties represented in the committee, and also for the sectoral unions involved in the disagreement.

The appeal to transfer the issue to the special committee must be made no later than 14 June, 2002, and the committee shall make its decision no later than 30 August, 2002.

The possible increases on the basis of this clause shall be implemented in the way defined by the parties of the sectoral agreements. If the parties can not agree on how the increases should be implemented, the increases shall be paid in connection with the ensuing general increase as an equal-sized percentage to all employees.

If needed, the contracting parties shall conduct a review aiming to clarify the statistical inadequacies related to the above described monetary work, and the possible remedies of those inadequacies.

## 2.7

### Travel allowances

The tax-free travel allowances and the principles for their calculation for the years 2001, 2002 and for the part of 2003 covered by the agreement shall be in force according to the relevant decisions of the National Board on Taxation.

If any collective agreement should contain arrangements for travel allowance different from those approved by the National Board on Taxation, the agreement shall be amended as of 1 February 2001, as of 1 January 2002 and as of 1 January 2003, to be similar to the previous practice.

## 2.8

### Cost-of-living classification of municipalities

During the term of the agreement, the salaries and other benefits listed in the collective agreements are subject to the national cost-of-living classification of municipalities according to the Government decision 25.11.1999/1090.

## 2.9

### The effect of Ascension Day

The parties of those collective agreements which have not taken into account the Ascension Day as a factor that reduces working time, or have not made substitute arrangements because of this holiday, shall agree on a working time reduction in such a way that as of 1 January

2002, the Ascension Day as a free day for a full-time employee shall shorten the annual working time by the length of an average shift according to the collective agreement. This arrangement does not concern working time in continuous three shifts work, nor does it concern those continuous forms of working time, in which the annual working time is more than 8 hours shorter than the annual working time in day work.

In the sectoral implementation negotiations relating to the incomes policy agreement, a more specific review shall be conducted on the subject whether the Ascension Day already has been taken into account as a factor affecting the agreements. As far as part-time work is concerned, the arrangements concerning working time shall be implemented according to the previous practices of the sectoral agreement.

More precise guidelines for the implementation of the working time arrangement described above shall be agreed upon no later than 31 December 2001 so as to provide for their implementation from the beginning of the year 2002.

## 2.10

### Compensations to Shop Stewards

If a Shop Steward or a similar employee representative is according to the provisions of sectoral collective agreements being paid a separate monthly compensation for his or her duties, in addition to the compensation for the loss of earnings, the minimum amount of this compensation shall be raised to 250 marks per month from the beginning of the new collective agreements' validity. In addition, at the same time, for larger compensation amounts than the above, an increase of 10 per cent shall be made to the compensation of Shop Stewards or similar employee representatives.

## 3

### UNEMPLOYMENT BENEFITS

#### Level

The principles of calculating the earnings-related unemployment benefit shall be changed as of 1 March 2002. After that the earnings-related part paid over the basic allowance shall be 45 per cent (currently 42 per cent) of the difference between the daily salary and the basic daily allowance. If the monthly earnings, used as the basis of the unemployment relief calculation, are higher than 90 times the basic relief amount, 20 per cent shall continue to be defined according to the earnings. This concerns the daily salary that exceeds the limit mentioned above. The raised earnings-related daily allowance shall be paid to a person who shall receive unemployment relief at the time when the change in the law is entering into force or there after.

## Working group

A tripartite working group shall be formed under the supervision of the Ministry for Social and Health Affairs to study the needs and possibilities to develop unemployment benefit system and employment policy in order to support employment. This working group shall also consider the actions needed for the long-term unemployed. Also the ways to secure the livelihood of the long-term unemployed shall be considered. The working group shall also study whether any structural changes should be made to the unemployment benefit system based on such factors as work history, and also reconsider the possibilities of combining a daily unemployment relief with earnings from employment.

The working group must observe the reports and presentations made by the previous working group (STM 2000:13) that studied unemployment benefit system and labour policy.

The deliberations of the working group must be completed by 1 October 2001.

4

## THE SYSTEM OF CONTINUOUS NEGOTIATION

### The aims of the continuous negotiation system

The economic life is all the more international and the environment of the labour market is constantly changing. Therefore, in order to keep abreast of the changes in the economy, labour market and world of work, the parties must have a dependable system of negotiations on the levels of workplace, sectors and central organisations.

Discussions of various issues also during the periods of validity of collective agreements will support the aims to develop collective agreements and overall adaptability. Thus also the conditions for a long-term labour market policy can be created.

Within the system of continuous negotiations, there is an opportunity to start common projects between the central organizations and the sectoral organisations in order to improve the world of work. In this connection, it is important to focus on the possibilities to take advantage of those projects at the workplace level.

### System of continuous negotiations between the signatory organizations

To improve the system of negotiations between the signatory organizations, the contracting parties are prepared to use continuous negotiations in their mutual and reciprocal relationships. According to this system, the opposing parties can bring up initiatives on issues to be handled or negotiated on during an agreement period. On the basis of the initiatives, the parties concerned are prepared to handle the proposals

that are made and make their assessments on what actions are needed on the basis of the proposals. Also issues requiring tripartite deliberation can be included in the scope of the system of continuous negotiations.

The parties have stated that the system of continuous negotiations encompasses the following subjects:

#### Pensions policy

Negotiations and agreements on questions relating to pensions policy and to the improvement of the retirement system shall continue to be conducted in the pensions group of the labour market organizations, and if necessary, in other preparatory working groups.

#### Unemployment protection

Questions relating to the development of unemployment protection shall be treated in the mutual dialog between the central organizations and also in the tripartite co-operation.

#### Improvement of negotiation and agreement systems

The challenges and opportunities presented by the internationalization of the economy and Finland's EMU membership all emphasize the importance of negotiations and agreements in the labour market as a central factor affecting economy, employment, competitiveness and purchasing power. Therefore the parties find it imperative to begin a reciprocal study on how the current systems of negotiations and agreements can be improved along with the whole labour market policy.

#### Issues relating to the world of work, training and equality

Included in the scope of the continuous negotiation system shall also be the issues listed in Attachments nos. 2 and 3 of this agreement concerning the world of work and training, as well as the previously agreed measures to promote equality and job assessment.

#### A recommendation to the member organizations concerning the adoption of the system of continuous negotiations

The central organizations recommend their member organizations that they also should make assessments on any possible improvement needs and opportunities within the mutual relations of their own sectors, and that they should strive for adopting the principles of the continuous negotiation system.

5

#### DEVELOPMENT OF THE WORLD OF WORK

The signing parties of this agreement have agreed upon the world of work issues as specified in Attachment no. 2.

6

#### LIFELONG LEARNING AS AN INTEGRAL PART OF THE WORLD OF WORK

The parties that have signed this agreement have agreed upon the questions relating to training and learning, as specified in Attachment no. 3.

7

#### NEGOTIATION CLAUSE

The contracting parties agree to resume their negotiations in August 2002 to review the actual and the projected trends of the economy, employment, prices, and earnings, and to assess the ways in which the aims of this agreement have been reached. On the basis of this overall assessment and after hearing the opinions of the member organisations, the contracting parties shall negotiate on the needed actions with one another and with the Government.

8

#### SCOPE, OVERALL VALIDITY AND ENTERING INTO FORCE

The contracting parties call for that all their member organisations shall renew their collective agreements according to this preliminary incomes policy agreement, at the latest on 13 December 2000, thus ensuring that common notifications to the central organizations can be given on time.

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

The sectoral collective agreements shall contain the following clause:

Unless the preliminary incomes policy agreement, signed on 17 November 2000, shall be signed and ratified into the incomes policy agreement, this sectoral collective agreement shall become void.

The contracting parties of sectoral collective agreements must deliver a confirmation note corresponding to Attachment no. 4, concerning signed collective agreements, no later than 13 December, 2000 at 16:00 hrs to

their own central organizations and to the Office of the National Conciliator.

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

The incomes policy agreement shall be signed between the organizations on 15 December 2000, provided that all the signatory parties of the preliminary agreement have passed the agreement. A written notice of acceptance must immediately be given to all other parties.

By signing this preliminary incomes policy agreement, the contracting parties encourage all parties of sectoral collective agreements to start their sectoral negotiations in order to implement these results.

In Helsinki, 17 November, 2000

COMMISSION FOR CHURCH EMPLOYERS

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## ATTACHMENTS

1. The adoption of euro
2. Development of world of work
3. Lifelong learning as part of world of work
4. Confirmation note