

## **New Collective Bargaining Agreements Valid for 3 Years**

### **A Substantial Pay Raise for Low Wages**

**Below you can find information on the majority of important provisions in collective bargaining agreements signed on 17 February. If you have any questions or wish to receive further information and explanations, please contact your trade union.**

### **Period of Validity and Retroactive Force**

The Contract takes retroactive effect from 1 February 2008 and remains valid until 30 December 2010.

### **Wages and Changes in Minimal Wages throughout the Period of Contract Duration**

Collective bargaining agreements of ASÍ and trade unions contain, among other things, provisions for the increase of general wages by 18,000 krona at the time of signing, 13,500 krona in 2009 and 6,500 in 2010. Wages of skilled craftsmen and office workers are raised by 21,000 krona at the time of signing, 17,500 krona in 2009 and 10,500 in 2010. New wage tables becoming valid each year (1 February 2008, 1 March 2009 and 1 January 2010) is based on this pay raise, while it is not expected that it will be permitted to lower bonuses and other additional wages as a result of changes in rates.

A special wage increase insurance is introduced starting 1 February. It stipulates that those who have been working for the same employer but have not received the minimal raise of 5.5% from 2 January 2007 and until the signing of this contract be paid what they are entitled to. Moreover, there is a clause specifying that those who have changed employment before 1 September 2007 will receive the raise of 4.5% on the same terms.

The wage increase assurance for the year 2009 shall be 3.5% on the same terms.

On 1 January 2010 general wages shall increase by 2.5% in addition to the wage rate increase mentioned above.

### **Wage Tables**

Wage tables in Icelandic are found at the end of this document. The following notions are used in the tables:

Mánaðarkaup/Mán.laun = Monthly wages

Byrjunarlaun = Beginner's wages

Dagvinna = Daytime

Yfirvinna = Overtime

Stórhátíðarkaup/stórh.v. = Big public holiday rate

Eftir 1. ár = After 1 year

Eftir 5. ár = After 5 year

### **Prerequisite Clause of Collective Bargaining Agreements**

The Agreements are based on the prerequisite of wages maintaining or increasing their purchasing power and inflation lowering. Next February the Union shall check if these prerequisites have been fulfilled. If it is so, the Agreements are extended until end of November 2010. If, on the other hand,

these prerequisites have not been fulfilled, parties to the agreements can negotiate a response to it which may consist in agreements being renewed or terminated as 1 March 2009.

### **Wage Assurance for Workers**

Labourer's pay for full-day work increases considerably. In the year 2007 it was 125 000, while wage assurance for workers will be as follows:

1	February	2008	kr. 145 000.- per month
1	March	2009	kr. 157 000.- per month
1	January	2010	kr. 165 000.- per month

### **Acquired Entitlement Due to Work Abroad – a New Chapter in Union Agreements**

Foreign employees working in Iceland, just as Icelanders who have worked abroad, now have the right to have their job experience and working time in a profession or industrial sector abroad recognised in accordance with union agreements as job experience and working time in Iceland as long as it is considered comparable.

An employee shall submit a proof of length of work experience in the form of certificates from former employers or by other provable means at the time of him or her being hired for the job. If an employee fails to produce sufficient certificates at the time of hiring he or she is permitted to submit new certificates within 3 months from the day of hiring. In this case acquired rights due to length of work experience become valid from the beginning of next month. The employee is obliged to confirm receipt of certificates.

A certificate from previous employer shall among other specify:

- Name and ID of respective employee,
- Name and ID of the company issuing the certificate along with telephone, email and names of any parties responsible for the issue of certificates,
- Description of jobs which the employee in question has held
- Date of employee's job commencing and ending and whether there it has been interrupted and for how long.

The certificate shall be in English or translated into Icelandic by a certified legal translator.

### **Longer Vacations**

All union contracts contain clauses for longer vacations. Entitlements for longer vacations are achieved much quicker than before. Thus it should be noted that by the time present union contracts expire, vacation entitlement extends by 30 days after 10 years of work for the same company.

### **Paid Education Leave**

The Contract specifies employee's right to take a paid leave from work in order to attend a job-related course which is different for different contracted areas.

### **Accident Insurance for Staff**

It is certain that the new accident insurances stipulated by the union contract are among the most significant novelties contained therein. The new chapter dedicated to accident insurance for wage earners becomes valid as of 1 May 2008. It stipulates accident insurance clauses specified in the union contract, the most important of which are the following:

Significant increase of insurance amounts

Disability compensations have been raised significantly: thus the basic disability payment increases up to 11,400,000 krona, while 100% disability increases up to 31,350,000 krona.

Death compensations are also stepped up appreciably. For example, death compensation to a spouse shall be 5, 000,000 krona. Death compensations to children are also raised to roughly four million krona for youngest children and less for older children.

#### Broader insurances

- Casualty insurance for the first time covers youth in the age of 18-22 years with the same legal address as the deceased who are provably dependants of the deceased.
- Insurance hence forth shall cover trips in the country and abroad in pursuit of the employer's business.
- The insurance now also covers accidents due to sports activities, competitions and games pertaining to employers or employees' associations. Exemptions apply to certain sports specified in Article 8.6.3.

New union agreements stipulate that accident indemnity amounts shall henceforth be indexed against inflation.

#### **Rights Pertaining to Child Sicknesses**

In the first year of employment for the same employer a parent has right to be absent from work for two days of each month, although not more than 12 days during each 12 months, in order to held sick children under the age of 13.

#### **Definition of Overtime**

The text of union agreement contains a special clause intended to remove any doubts as to how wages for overtime work should be calculated.

#### **Annual Job Interview**

A staff member has the right to meet his or her superior once a year to discuss his or her work, including performance, goals and possible amendments to work requirements.

#### **Wages in Foreign Currencies**

It is allowed upon special agreement between employee and employer to receive a portion of fixed monthly wages paid in foreign currency or link a part of fixed monthly wages to certain currency's exchange rate.

#### **Termination of Contracts of Employment**

A lay-off from work entails employee's right to meeting the employer to discuss reasons for his or her dismissal from work and request them to be stated in writing. Should the employer fail to fulfil the said request the employee is entitled to another interview with the employer in the presence of his or her union steward or other representative of the union, should he or she request so.

#### **New Collective Bargaining Agreement on Large Construction Projects**

A special contract has been made to define right of employees engaged in large construction projects. The validity area of this contract covers nearly all large construction projects fulfilling the following definition:

- a) Hydroelectric and tidal power stations with all accompanying structures, as well as other extensive construction outside the Great Capital Area as long as project execution time is not shorter than 20 months and employees are at least 200, while project contract is worth at least 3 billion krona.
- b) Construction of subterranean tunnels and objects of traffic infrastructure as long as project execution time is at least 12 months and project value is not less than 3 billion krona.

### **Statements and Declarations**

In addition to direct contract clauses the Collective Bargaining Agreement contains several additional statements and declarations. They relate to issues of equality, information and consultation at company level, European Work Councils, workplace IDs, notification of confidential medical doctors/service companies in the field of job safety issues, medical certificates and job-related diseases.

## **Key Points from Government's Statement in Relation to the Collective Bargaining Agreement**

### **Tax Issues**

- Individual tax discount increases by 7,000 krona in three years in addition to price level changes. This means that untaxable income limit rises from 95,280 krona a year to 115,000 krona a year in the year 2010, as long as price level remains stable. Also, untaxable income level changes with inflation.
- Income-linked curtailments of child benefits have been lowered significantly.

### **Housing**

- House rent subsidy increases appreciably this year. Thus maximal house rent subsidy is raised from 31,000 krona a month up to 46,000 krona a month.
- The limit of interest relief subsidy will be raised by 35% this year.
- It is pursued to abolish stamp fee for loans pertaining to purchase of individual's first immovable property.
- A system for saving on housing issues for individuals not older than 35 years shall be set in place.

### **Emphasis on Adult Education and In-staff Training**

Great emphasis is laid on educating those who do not possess recognised professional or high school degrees.

- Insure for everyone the opportunity to pursue education upon completion of comprehensive schooling.
- Unions' contribution to continuous and adult education shall be increased by 300 million krona over the next 2 years.