Switzerland’s Trade Unions‘ experiences with the extension/enlargement of collective agreements

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This presentation’s contents

1. Background information on Unia and Swiss Collective Bargaining history in Switzerland
2. Extension of Collective agreements – an overview
3. Standard working contract: Swiss specialty
4. Public procurement system in Switzerland
5. Conclusions
1.1 Before we start: Who is Unia?

- Merged Trade Union out of GBI, SMUV, VHTL

- **Unia = largest Swiss Trade Union**
  
  (app. 200‘000 members, almost 1‘000 employees – including Unia‘s unemployment insurance)

- **Unia = multi professional Trade Union of the divers private sectors:**
  
  - Construction (main construction sector, cleaning,…)
  - Artisanry/craft (painters, plasterers, insulation, pavers, electricians, carpenters, plumbers,…)
  - Industrial sectors (chemicals, pharmaceuticals, food, tobacco, metal, steel, watches,…)
  - Tertiary sector (hotel and restaurants, trading, transport, security,…)

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**Extension/enlargement of collective agreements in Switzerland**
1.2 Switzerland’s Trade Unions and the „FlaM“ (“accompanying measurements”)

- Bilateral agreement between Switzerland and the EU concerning the freedom/liberty (of trade, persons, services...)

- Agreement was signed in 1999 > due to Swiss political system
  Trade Unions’ acceptance was necessary
  - Referendum was obligatory, Trade Unions’ “Yes” needed.

- Swiss Trade Unions’ conditions for accepting the agreement:
  - (Better) Protection against social and wage dumping
  - Easier modalities for (simplified) extension of collective agreements
  - Normalarbeitsverträge (“Standard Working contract”) + minimum wages when violations of rules
  - Intensification of surveillance concerning the compliance of working and payment conditions
1.3 Collective agreements in Switzerland: „Gesamtarbeitsverträge“

- 1850: Implementation of the first collective agreement (printing); slow development until 1919 (general strike in CH)

- 1936-1938: First batch/push of GAV, by 1938 25% of employer-employee relationships regulated through collective agreements

- 1944-1948: Second batch/push of GAV, also due to strikes 1945/46

- 1950-1990: more or less constant coverage rates of GAV > stable situation


- 1996-2011: Growth of collective agreements (traditional sectors, private tertiary sector, private and partly public domains)
1.4 Development and coverage of CA ("GAV") (1)

Employees under CA protection - development, 1991-2010, employees in 1’000

Source: Seco, BFS, own calculations
1.5 Development and coverage of CA ("GAV") (2)

CA coverage rates 1912-2010

Source: Seco, own calculations
1.6 Collective agreements in Switzerland: A short overview

- Renaissance of collective bargaining and collective agreements in Switzerland (also) due to “bilateral agreements with the EU and accompanying measurements” (“FlaM”):
  - A total of app. 600 collective agreements (“GAV“) in CH today
  - 68 extended collective agreements (on federal/cantonal level)

- (facilitated) extension of collective agreements:
  - Coverage degree of CA in CH: app. 52%
  - Coverage degree of CA with minimum wages: app. 40%
    (inter alia: construction, artisanry, hotels + restaurants, cleaning...)
2.1 Number of extended collective agreements

Number of cantonal and national AVE from 2000-2011

Source: Seco
2.2 New and/or extended Collective Agreements

- "GAV Temporäre": Temporary/Agency work CA: Advantages for app. 180,000 people who are temporary employed via an agency > not yet extended (underway – aim: Jan. 1st 2012)

- "Rahmen-GAV Bahnen (Normalspur)": for employees of SBB, BLS, Südostbahn, etc., grants generally binding working conditions (working hours, minimum wages, etc.)

- **Security services:** Extension of yet extended CA also on SMB’s, in force per 1.1.2008

- **Cleaning services:** Extension of yet extended CA on SMB’s, per 1.4.2007

- **Postlogistics:** New GAV for “postlogistics” (mail and logistics, transportation) per 1.1.2008

- **Some first-time AVE-CA in artisanry branches:** i.e. pavers, ceiling- and Interior work…
2.3 Conditions for Collective Agreements' extension:

Social Partners can apply for an AVE (extension):
- Minimum: ½ of employers and ½ of employees* members of social partner’s organizations (“participate in the CA”)
- Participating employers employ min. ½ of the employees concerned
- Freedom of association guaranteed: (non-) membership is free

Conditions for (facilitated) extension of CA’s:
- In a branch / profession wages and working hours are repeatedly below customaries in place, profession or the branch
- Participating employers employ min. ½ of the employees concerned
- Parties of the collective agreement accept the AVE

* can be refrained from
2.4 Most important CA's by branches/sectors:

CA in artisan/craft:

<table>
<thead>
<tr>
<th>Largest branch-CA's:</th>
<th>Number of affected employees</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main construction sector</td>
<td>80’000</td>
<td>X</td>
</tr>
<tr>
<td>Swiss Electrician's branche</td>
<td>22’000</td>
<td>X</td>
</tr>
<tr>
<td>Carpenters Dt.-Schweiz + TI</td>
<td>14’000</td>
<td>X</td>
</tr>
<tr>
<td>Second oeuvre Romandie</td>
<td>15’000</td>
<td>X</td>
</tr>
<tr>
<td>painters, plasterers Dt.-CH + TI</td>
<td>13’000</td>
<td>X</td>
</tr>
<tr>
<td>Facility engineering</td>
<td>12’000</td>
<td>X</td>
</tr>
<tr>
<td>Total artisan</td>
<td>app. 400’000</td>
<td></td>
</tr>
</tbody>
</table>

CA in industry:

<table>
<thead>
<tr>
<th>Largest branch-CA's:</th>
<th>Number of affected employees</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal-&amp; Machine Industry</td>
<td>110’000</td>
<td>No</td>
</tr>
<tr>
<td>Watches</td>
<td>35’000</td>
<td>No</td>
</tr>
<tr>
<td>Graphical. Industry</td>
<td>16’000</td>
<td>No</td>
</tr>
<tr>
<td>Chemical Industry Nordwestschweiz</td>
<td>6’000</td>
<td>No</td>
</tr>
<tr>
<td>div. Companies in Food, Tobacco,..</td>
<td>12’000</td>
<td>No</td>
</tr>
<tr>
<td>Paper Industry</td>
<td>2’000</td>
<td>No</td>
</tr>
<tr>
<td>Total Industry</td>
<td>app. 300’000</td>
<td></td>
</tr>
</tbody>
</table>
2.5 Most important CA’s by branches/sectors II:

CA in (private) tertiary sector:

<table>
<thead>
<tr>
<th>Largest (branch)-CA’s:</th>
<th>Number of affected employees</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotels and Restaurants</td>
<td>210’000</td>
<td>X</td>
</tr>
<tr>
<td>Banks</td>
<td>80’000</td>
<td>No</td>
</tr>
<tr>
<td>Migros (retailer)</td>
<td>60’000</td>
<td>No</td>
</tr>
<tr>
<td>Coop (retailer)</td>
<td>40’000</td>
<td>No</td>
</tr>
<tr>
<td>Cleaning services dt. CH</td>
<td>35’000</td>
<td>X</td>
</tr>
<tr>
<td>Security Services</td>
<td>12’000</td>
<td>X</td>
</tr>
<tr>
<td><strong>Total private Tertiary</strong></td>
<td><strong>Ca. 700’000</strong></td>
<td></td>
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</tbody>
</table>

CA in (former) public sector:

<table>
<thead>
<tr>
<th>Largest (branch)-CA’s:</th>
<th>Number of affected employees</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post/Mail</td>
<td>45’000</td>
<td>No</td>
</tr>
<tr>
<td>SBB (railway)</td>
<td>32’000</td>
<td>No</td>
</tr>
<tr>
<td>Swisscom (telecom)</td>
<td>16’000</td>
<td>No</td>
</tr>
<tr>
<td>Swiss div. GAV</td>
<td>5’000</td>
<td>No</td>
</tr>
<tr>
<td>Staff of Bern cantonal hospitals</td>
<td>8’000</td>
<td>No</td>
</tr>
<tr>
<td><strong>Total (former) public sector</strong></td>
<td><strong>Ca. 200’000</strong></td>
<td></td>
</tr>
</tbody>
</table>
3.1 Standard working contracts (NAV „Normal-Arbeits-Vertrag“)

Special form of worker’s protection in Switzerland (part of FlaM):
- Not real agreement nor contract but a „behördlicher Erlass“ (governmental enactment) which improves the legal regulations
- Trade unions and employer’s associations are entitled to claim for examination if an employer violates existing NAV
- Not as far going as a CA, (non-compelling legislation), but at least…

2 Types:
1) NAV non-including legally binding minimum wages:
   - Regulation of general labor conditions (i.e. max. working hours, min. holidays, pension and pension funds,…)
   - directly on the employer-employee relationship if no contradicting collective agreement exists
2) NAV including binding minimum wages
   - Implemented if wage dumping occurs repeatedly in a sector without collective agreements
   - Minimum wages legally binding for the whole sector (variation only in favor of employees)
3.2 Example: Standard working contract for housekeeping: First national NAV including legally binding minimum wages

- Divers surveys show:
  - Wages of housekeepers in general lower than those of comparable employees
  - Wages are often below customaries in a place and in the sector
- These findings led to NAV including minimum wages (from Jan. 1st 2011)

- Arrangements:
  - Minimum wages for housekeepers in private households (changes only legal in favor of the employee)
  - One single topic: fixing of minimum wages (other conditions: cantonal NAV’s)
  - Covers all cantons of Switzerland (except Geneva which has it’s own NAV with binding minimum wages)

- Enforcement/sanctions:
  - Individuals are entitled to claim binding minimum wages (court)
  - Trade Unions and employer’s associations are entitled to claim for examination if an employer violates existing NAV
4.1 Public procurement in Switzerland today

Total value of public procurements in Switzerland:
- ca. 22 billion € (by 2008)
- 25% of total government spending
- 8% of GDP
- The award of a public contract is dependent from the compliance with the appropriate collective agreement in the sector

Legislation concerning public procurement and compliance with CA’s in Switzerland:
- **Federal law concerning public procurement** „Bundesgesetz über das öffentliche Beschaffungswesen (BöB)“ from 16. December 1994 (by 1st July 2010)
- **Order concerning public procurement** „Verordnung über das öffentliche Beschaffungswesen (VöB)“ from 11. December 1995 (by 1st August 2010)
5.1 Conclusions – some work to do in addition:

- Today app. 40% of employees in CH: Collective agreements with guaranteed minimum wages
- further measurements necessary

Content of SGB’s (Swiss Trade Union Federation) latest initiative:

- facilitation of CA via federal and cantonal gvt.
- legally binding minimum wage: 22.- Fr./h for all
- periodical alignment according to wage and price development
- Cantons are free to issue additional charges

22.-Fr./h: 12/4’000 Fr./month per year <> app. 63% CH’s median wage
5.2 Conclusions II

Collective agreements including extension (AVE) are of immense importance in CH:

- “Revival” of GAV (CA’s)
- Strengthens CA’s coverage and reliability
- Help fighting wage and social dumping

The specific Swiss NAV ("standard working contract")

- Strengthens employees’ rights
- Counteracts wage dumping (surveillance and minimum wages)

- CH- FLaM are under certain prospects a success story
- Extension (AVE) and standard working contract (NAV) are handy tools to fight wage and social dumping