

To members of Flóabandalagið Union

May 9th. 2011

New Collective Agreement

Dear union member,

On Thursday May 5th a new Collective Agreement was signed on behalf of Efling Trade Union, Hlíf Workers Union in Hafnarfjörður and Workers and seamen's Union in Keflavík and neighbouring municipalities. A draft of the agreement had been affirmed unanimously by an extended negotiation committee of the unions.

Workers in the country who are members of the unions within The Icelandic Federation of Labour have had no agreement with their employers for almost half a year. During this period purchasing power has decreased, we are facing growing unemployment, many of these people have experienced a sharp drop in their income as working hours are being cut and many have to accept job sharing and part time work. The bargaining negotiations of last months have been especially difficult for the negotiators as increase in wage payments have been dragged for months when people really need a pay rise. It has been of great help to our negotiators that people in the unions have been very supportive and all decisions have been made in complete agreements. The new agreement will be put to vote in the trade unions and has to be ratified before May 25th in order to come in to force/be valid.

It is clear that if the unions and employers had not reached an agreement the road was open for serious industrial disputes as the trade unions had started preparing for massive strikes in the country.

The most important result of the agreement is that the unions managed through a unanimous policy to guarantee comparatively higher pay rises for lower income groups in the unions.

We will list here the most important points in the agreement but in the brochure you will find more detailed explanations of the important issues in the contract.

Key results of the newly signed agreement are as follows:

- The wage tables on the general labour market increase by 17-21,6% or 34,000 kronas over the term of agreement.
- Income guarantee for full employment increases by 23,6%.
- With higher wage tables the safety net is improved for those who receive wages over wage tables stipulated in union agreements.
- Special payments make up for the delay in the negotiation process.
- Icelanders have for a long time had to live with an unjust pension system which will now be improved by increasing payments into the system of the general working market in the years 2014-2020.
- One of the important goals of this agreement is to increase employment, create jobs especially in the area of the unions of Flóabandalagið where we have serious unemployment.
- A special campaign will be launched for the unemployed where the main target is to find jobs and further education for people without work, both young people and those who are above school age with new study options for 1.000 job seekers.
- The government will support The Wage Guarantee Fund and The Childbirth Leave Fund in order to guarantee payments to workers on childbirth leave and those who risk loss of payments due to bankrupt companies.
- Unemployment benefits and other welfare benefits will have similar increases in payments as are stipulated in the agreement.
- The Parliament will pass a law that will guarantee rehabilitation rights for all employees as well as those who are receiving benefits from the pension funds.
- The government will guarantee indexed tax credit and will revise the tax system as regards child's benefits and interest rates deduction with relation to assets.
- In a special statement issued by the government some social reforms will improve the legal rights of workers.

We hope that once you have reviewed the agreement you will agree with us on its benefits. It is very important that you take part in the vote and express your stand towards the new union agreement.

We would like to encourage you to participate in the vote and support the agreement.



On Behalf of Efling

Sigurður Bessason
Sigurður Bessason



On Behalf of Hlíf

Kolbeinn Gunnarsson
Kolbeinn Gunnarsson



On Behalf of VSFK

Kristján Gunnarsson
Kristján Gunnarsson