

DIADSE
– Poland – report

DIADSE – Amsterdam

24 June 2015

Social partners as regards economic crisis

2008 - beginning of economic problems

March 2009 - SP cooperation – **13 points agreement** (no government involvement)

December 2009 – **anti-cris legislation** (partially based on the 13 points agreement)

PENSION SYSTEM REFORM (2011 – 2012)

2011 – **pension system reform** – no consultation with SP – deterioration of social dialogue

- Open Pension Fund reform(2011)
- Reduction of the pension contribution from the current 7.3% to 2.3% initially and ultimately-from 2017- to 3.5%
- Reduced contribution is transferred to Social Insurance Institution (ZUS)
- Retirement age reform (2012, in force: 1st January 2013)
- Rise up to **67 years of age for both men and woman**
- Increase by four months every year
- Full introduction into force for men by 2020 and for women by 2040

PENSION SYSTEM REFORM (2011 – 2012)

- Legislative process March - June 2012
- Hasty public consultation in the Tripartite Commission – no consensus
- Act on rise of retirement age signed by the President 1st June 2012
- Reform comes into force: 1st January 2013
- Massive protest against rise of retirement age NSZZ ‘Solidarity’: www.stop67.pl
- 2 mln signatures calling for referendum (requirement 0.5 mln signatures to introduce a referendum to be voted in the Parliament) – rejected, April 2012
- Protests:
- Public opinion (CBOS, March 2012): 84% - against rise of retirement age for men, 91% - against rise of retirement age for women.

Social partners as regards economic crisis

2013 – amendments to the Labour Code based on anti-crisis legislation

Labour Fund freeze (2011) over 5 bln PLN (1.2 bn EURO); dispute over minimum salary

2013 – trade unions leave the Tripartite Commission

Social dialogue in the times crisis

Two phases:

1. Before the anti-crisis legislation

the early period of global recession (2008-2009) marked by rapid activation of social dialogue both in bi- and tripartite configuration.

2. After the anti-crisis legislation

from late 2009 onwards, with growing *désintéressement* in social dialogue on the part of government, which instead turned towards **unilateral decision-making** as far as anti-crisis policies are concerned.

Constitutional basis for social dialogue

- Preamble: „Constitution of the Republic of Poland is based on social dialogue”,
- art. 20: „ A social market economy, based on the freedom of economic activity, private ownership, and solidarity, **dialogue and cooperation between social partners**, shall be the basis of the economic system of the Republic of Poland”.

Tripartite Commission

- Law of 6 July 2001 on Tripartite Commission for Social and Economic Affairs and voivodship commissions for social dialogue.
- A forum of social dialogue held in order to conciliate the interests of employees, the interests of employers and public welfare
- 3 representative trade unions,
4 representative employer's organizations, the government.

Tripartite Commission

- On 23 June 2013 – trade unions informed the Prime Minister on suspension of participation in all forms of social dialogue
- Actually it halted all Tripartite Commission's activities.
- January 2015 – the government accepted new institutional framework, agreed upon earlier by social partners

Social dialogue – institutional reform and renewal

On 21 March 2015 trade unions, employers' organisations and the Minister for Labour preliminarily agreed on a common draft of the new Law on the Council of Social Dialogue and other institutions of social dialogue.

- the end of the current Tripartite Commission for Social and Economic Affairs
- establishment of the **Council of Social Dialogue – new opening of social dialogue?**

Council of Social Dialogue

- Members of the Council will be proposed by representative trade unions and employers' organizations and the government, and nominated by the President,
- The presidency of the Council will be exercised by representatives of all actors, they would replace each other on a regular basis, the period of office of the president would amount to one year,
- The Council will be independent from the government,
- The competences of the Council will be broad and will cover the possibility to discuss all issues that would contribute to maintaining the social peace,
- The Council might initiate the legislative process and issue opinions on drafts submitted by other institutions,
- Similar councils of social dialogue will also be created at the regional level.

Council of Social Dialogue

- Much expectations from social partners
- New competences of the Council as regards draft legislation (i.a. intermediary legislative initiation)
- More independence and autonomy

Anti-crisis legislation

- **Act of 1 July 2009 on alleviation of economic crisis effects on employees and employers (*anti-crisis legislation*) – in force from 22 August 2009 till 31.12.2011**
- ***Follow-up legislation*** (some provisions of temporary nature has become permanent)

Anti-crisis legislation

- Legislation addressed to employers with temporary economic difficulties – decrease in sales by 25% in 3 months after 1 July 2008 (from October 2010 – 10%)

Anti-crisis legislation

I. Working time

- extension of working hours settlement period to 12 months (assessed positively by employers)
- flexibilisation of daily working time
- working time reduction
- unlimited number of fixed-time employment contracts allowed for up to 24 months

Anti-crisis legislation

II. Public aid (by Guaranteed Employee Benefits Fund)

Support to employees – subsidies to cover part of remuneration (less working hours or temporary halt)

Support to employers – subsidies to social security, etc.

Anti-crisis legislation

III. Support of vocational training and human capital development

- subsidies from Labour Fund
- obligation to set up a „company training fund”

Economic slowdown/economic crisis

„+”

- High mobility of Polish entrepreneurs
- High level of acceptance of flexible labour conditions by Polish employees
- Implementation of the EU structural funds
- Stable situation of bank system in Poland
- Public debt thresholds in the Constitution and the Public Finance Act - 55% of GDP

Economic slowdown/economic crisis

„-“

- Social manifestations of the crisis seen i.a. in changes on the political scene
- Rise of unemployment, esp. among young people
- Rise of share of the NEETs group
- High share of temporary and civil law contracts affects negatively predictability of the future

- Growth of budget deficit (until 2011)
- Growth of public debt

Fiscal instruments - Convergence Programme (2004 –June 2015)

- Introduction of expenditure disciplinary rule
- Long term budget planning also in local governments,
- Introduction of individual debt limits for particular local government units, establishing limits for new spending in local government,
- Introduction of conditional increases in VAT rates depending on the level of public debt (increase of VAT tax up to 23% (from the level of 22%) and up to 8% (from the level of 7%) in case of lowered tax threshold for following three years, 2011).

Excessive deficit in Poland

- Recommendation for a Council decision abrogating Decision 2009/589/EC on the existence of an excessive deficit in Poland
- In 2014 deficit amounted to 3,2% of GDP
- Problem – reversal of 1999 pension reform (part of assets accumulated in the private sector were transferred to the public social security scheme) in December 2013 – risk in long term run for public finances
- Targets: 2,7% in 2015, 2,3% in 2016.

Conclusions

- Anti-crisis package - success of social dialogue in Poland
- Désintéressment of the government with social dialogue
- Renewal of social dialogue