



# European conference

## “Promoting paritarian social funds in Hungary, Poland, the Czech Republic and the Slovak Republic”

the role, impact and advantages of paritarian social funds  
in the construction industry

6th – 7th March 2008  
Warsaw (Poland)

Organized by the European Federation of Building and Woodworkers  
(EFBWW)

In cooperation with:  
the European Construction Industry Federation (FIEC)  
the European Association of Paritarian Institutions of Social Protection (AEIP)

With the support of:  
the Polish Ministry of Labour and Social Policy  
the European Commission  
the French paritarian social fund for the construction industry (PRO BTP)

Opening by M. Tardy

Radoslaw Mleczko  
M. Pesenti  
M. Tardy

### **Opening Speech by Radoslaw Mleczko, Secretary of State, Polish Ministry of Labour and Social Policy**

Since the Polish economy is growing fast and dynamically, there is a direct impact on the conditions of social dialogue. Social Dialogue needs to be implemented at sectoral level in order to take account at the same time of European rules, the Lisbon strategy, efficiency, high level of productivity and social welfare. With an increasing mobility and less unemployment, professional training and lifelong learning become more and more important. Social Partners play an important role in Poland. The idea of social responsibility should be implemented through dialogue, negotiations and the respect for collective agreements.

In this respect flexicurity is the best method to provide the citizens with a high level of employment and security. Poland will introduce this model.



Ministry of Labour and Social Policy





With regard to the social dialogue in Poland, a tri-partite Commission has an important role in economic and political transformation. Thanks to this dialogue, these developments were possible in the 90ies.

New forms of social dialogue, new terminology and a new understanding are challenges that lie ahead of Poland. In future, the government will play a smaller role, since decisions will have to be taken between employers and employees. This dialogue will be important and will be fed by historical heritage. **Radoslaw Mleczko** believes in the success of this conference and wishes all the participants interesting discussions and a pleasant stay in Warsaw. He thanks the organisers and Pawel Targonski from the Ministry who is responsible for Social Dialogue. He sends the regards of Minister Fedak.

### **Domenico Pesenti:**

In his speech, Domenico Pesenti thanks the previous speaker. According to him, the conference is a significant event for EFBWW. The topic is crucial for sustainable development, since paritarian management is important for the development of construction sector. Social partners have experience in managing social funds and thus help to reduce accidents, advise companies, raise awareness and train workers. They are the grant for a new culture focussing on the quality of work, inform workers about their rights and keep workers training up to date. Thus, they are close to the market and play a major role in combating social dumping.

With regard to pensions provision, paritarian funds through their collectivity provide for more efficiency at lower cost. With regard to the transferability of pensions, they could outline the principles for the transfer. Social partners can be considered as regulators of labour mobility.

With regard to unemployment benefits, paritarian funds can better buffer temporary unemployment and provide more security to the workers. The value of the paritarian funds managed by social partners is proven and widely spread in well-developed countries. Negotiations between social partners lead to the promotion of common goals: optimum results by managing resources, protection of labour and workers and definition of sectoral policy. This has a large impact on a more democratic Europe with a higher involvement of citizens.

EFBWW will provide its support for development of paritarian funds. Domenico Pesenti thinks that the emergence of the funds in Poland will occur soon. He invites the organisations to work on this at national level and create a European network in the construction sector.

### **Daniel Tardy, FIEC**

The construction sector has many peculiarities. In the construction sector, the production tool moves to the production site. The sector is characterised by its local character, by fragmentation, by a high mobility. It is a highly competitive sector. The competitiveness of the sector is continuously challenged.





The social partners have an important role to play to ensure training, to guarantee an adequate level of security of different actors of different nationalities and to have enough flexibility to face competition and social dumping. Social Partners created paritarian funds to ensure all these elements. The following presentation will give an example of the activities of these funds that act under the principle of solidarity.

Daniel Tardy makes three general observations:

Paritarianism has advantages: for the actors, but also for other sectors. They maintain a political and strategic role in the decisions taken by the social partners.

The management is of high quality, the principle of competition is important and benchmarking is always necessary in order to guarantee an optimal service for the members, in order to provide them with the best value for their money.

The structure or the functioning of the funds can vary following the principle of subsidiarity.

Daniel Tardy reminds that the conference does not want to impose any structures, which always have to be adapted to the specificities of each country. The purpose of the conference is to establish a basis for a mutual exchange. The essential role of the social partners is to respond to long term challenges of the sector and its activities. The activities are cyclical and are a major driving force for the European economy.

### **Radoslaw Mleczko:**

Radoslaw Mleczko thanks the FIEC, EFBWW and European Commission for choosing Warsaw as location. He is positive that the interventions will explore the challenges important in the context of creating a network of paritarian funds in Europe.

### **Prof. Yves Stevens**

Prof. Yves Stevens from the KU Lueven is specialised in pension law.

With his presentation he will provide for the legal, regulatory and conventional framework for paritarian funds and give a broad overview of this topic. During his research he looked into quite a lot of books and articles. There are a lot of studies on social funds in Europe. Preparing the speech of this conference, he tried to develop common denominators in these studies and synthesise national theses. Main authors in the field of social funds are: Blanke, Cordoba, Morin, Thiara, de Silva, Morris and Farture.

With regard to national studies there are two elements in common:

- Social funds in Europe can be considered as an element of economic and social democracy
- Social funds operate as vectors in social bargaining, thus, there is a direct line to collective bargaining





Social funds are based on mutual respect: they imply equality of power. They represent a higher legal force in Member States, because Social Partners agree on higher legal force. Social funds are based on a relationship one to one. They function on a bi-partite level avoiding government interference. In most Member States, the government respects the autonomy of social partners in negotiating social funds. In most cases the government acts as a notary for negotiations between employees and employers. Social funds are considered streamlining for the negotiations in the Member States. Cordova says: Due to social funds negotiations become less warfare and through social funds negotiations are made less sporadic.

The existing social funds are nationwide, multi-sectoral, multi-employer or company wide schemes.

In most Member States they are developed on national level and are integrated into social security. Multi-sectoral funds are gaining strength. Most significant social funds are sector-wide funds. Multiemployer funds are developed by financial holdings that set up funds within the holding.

Why do social partners negotiate on social funds? What is the main advantage?

Two main reasons can be found on theoretical level:

Social partners say that there is a need for a common policy:

- Social funds may ensure cohesion of a branch of industry. In the construction sector social partners negotiate on social funds for prevention and work accidents in order to develop a common policy in this field. The construction sector deals with special problems. In all sectors, there are specific social elements (e.g. bad weather).
- Competition: Dutch authors say that through paritarianism competition can be excluded through the creation of equal conditions for the whole sector.
- Another aspect could be fraud sensitivity of the sector, since some sectors are more sensitive to fraud than others. Fraud prevention could be streamlined through creation of paritarian funds.

### **There are two main forms of organising the social funds:**

The first method:

The employees and the employer, represented in trade unions and employer associations, create together an internal legal structure where social partners are the managers of the scheme. In such internal funds benefits are given directly to the workers.





The second method:

External form: trade unions and employers agree and collectively bargain on appointing an external fund, where they are not directors, but designate an external party who deals with social benefits. Here the social funds give the benefit indirectly to the employee.

In both legal structures the benefits given represent an element of wage.

### **Elements**

First funds were created after the First World War in the Netherlands, Switzerland, France, Norway and Germany. There was a link to social cohesion according to the French texts, in order to develop a common policy. Most of these funds disappeared in the 50ties.

Based on wage elements, the sector dealt with problems such as bad weather, public holidays, vocational training, work accidents, pensions, hospitalisation etc.

The financing of the funds is mainly not on a fixed basis, but represents a percentage of the total wage.

### **Effect of social funds:**

Prof. Stevens sees seven effects of social paritarian funds:

- Social paritarian funds lead to money, and need to be structured based on a common policy. In this respect, social responsibility for the fund leads to financial solidarity
- Social paritarian funds change the nature of negotiations: if social partners do not agree, they need to agree on the management of the fund. Thus, collective bargaining becomes less haggling due to paritarian funds
- Social paritarian funds lead to solidarity among the employees
- Social paritarian funds provide for long term stability
- Social paritarian funds enhance the belief in democratic ratification process
- Social paritarian funds respond to changes in production processes (they provide for additional unemployment benefits and allow buffering of social needs)
- Social paritarian funds provide for more flexibility than classical bargaining

### **The advantages of social paritarian funds are the following:**

- Less standardized payment form
- More efficiency
- Better equality of power
- Enhanced legal force
- Impasse resolution
- Open communication
- Mutual understanding
- Common definition of policy





- Sectoral self-determination
- Institutional loyalty
- Increased executive authority
- No unbalanced information streams and hence no dependency

**The disadvantages of social paritarian funds are the following:**

- Increased costs for
  - The negotiation
  - The implementation of the fund
  - The administrative cost of the fund (quite small, though)
- Increased bureaucracy
- Unfavorable power shifts
- Standardized pay
- Funding problems
- Loss of some diversity in the sector
- Possibilities of fraud if not sufficiently transparent

There are also limitations for paritarian social funds which are the following: Most funds rely on restricted goals, Member States may restrict activities and goals of social paritarian funds. In some Member States, collective bargaining is not free. Finally, there might be legal constraints, especially with regard to pensions which need to follow the national legislation.

**Regulations**

Concerning regulations for paritarian social funds, there is nearly no convergence on the topic, there are a lot of different opinions in the texts, but no legal institutional convergence. Convergence has been even less than during the 80ies. It is becoming more and more different among Member States. Member States which regulate funds, have broad and flexible regulations, no strict rules, social partners have free way to organise, as in countries such as France, Belgium, Luxembourg, Finland, Germany and Norway. When there is a paritarian social fund, the benefit has then an imperative law effect. This reflects national and cultural diversity across Europe.

There are almost no European regulations on paritarian funds.

Paritarian social funds are private institutions with public goals. This may be problematic because of EU regulations with regard to fiscal, competition, internal market rules and state aid. In some cases if governments in the late 80 or 90 had deficit in public budgets, they went for the social paritarian funds which were incorporated into the social security scheme because of the budgetary effect on the state budget (budgetary equation).





## Conclusion:

Social funds lead to social cohesion, they are not monolithic, but flexible and they are the cement between social partners, leading to responsibility and financial solidarity. Paritarian social funds have always evolved and never revolved.

They promote fairness and respect. Employees and employers should be on a 1:1 basis.

## Questions:

*Pawel Targonski, Labour Ministry of Poland*

You have said that some social paritarian funds in some countries have been incorporated in the state budget. Where?

Yves Stevens: only recently in Belgium, but main examples date back to the 80ies and 90ies, where benefits given were not considered supplementary, but complementary (Norway, Germany, France)

*Laurentiu Plosceanu, Romania*

You mentioned the cultural matrix of the EU Member States and their possibility of promoting paritarian funds. Is there a link between culture and the creation of paritarian funds?

Yves Stevens:

The cultural differences are immense, there is no common element on how to do collective bargaining. When you look at funds, you can have different ways of looking at them:

In the Netherlands, collectivism is stressed. In Ireland they would rather stress the individual element of benefits. Cultural differences are in the funds, but also in the structure of the fund. I would describe two main legal structures, when it comes to culture, as stated in my presentation. I think that information procedures in the first model are better regulated. In the second model, there is very little written about it.

According to me there is no best model, there is only a difference in dealing with it.

*Peter Andrews:*

Has the size of industry an influence on one way or the other of managing paritarian social funds?





Finance is a world issue, will there be uniformity of social funds and shall we work towards that?

Yves Stevens:

First question: I don't know whether the size of an industry has an impact on the way of managing social paritarian funds. The texts that I have consulted are legal, I have no knowledge of how big a fund is. Maybe Koen de Ruyck will know.

Second question:

I don't think that there will be uniformity. With the new Member States there was even more difference and the subsidiarity principle has been enhanced ever since. That's why I do not see uniform EU legislation in the years to come. But my personal opinion is that we should go for an EU legislation on this.

*Armando Frezza, CNCE*

Casse Edili are spread all over Italy today. The paritarian social fund system in Italy was established after First World War and it developed further after Second World War. In recent times, social security is evolving, since they are also becoming implementers of public institutional activities. Concerning the issuing certificates on compliance with insurance requirements, social funds are not autonomous. They operate on the basis of collective agreements in regions and districts, their goal is to coordinate activities of individual funds, optimising their activities. This implies a lot of work to communizing individual building funds. A uniform system is planned which implies the creation of a uniform ICT system. At present building funds have a very dynamic activity when it comes to training, they develop schools for training, for the prevention of accidents at work, but also institutions, connected to paritarian social funds. Only recently an institute providing for using EU social funds has been created. Paritarian social funds have quite a complex structure with regard to other Member States. We try to optimise and align things with other Member States, in order to meet the needs of employers and employees on regional and local level. The needs are different (rich, poor regions, shortage of labour force), and the funds have to adjust to those needs. Furthermore, we have a public holiday scheme, from which employees get benefits. This allows ensuring the mobility of work force (holidays in accordance with law). Benefits cover a few million euros and represent a significant amount. With this short overview of our paritarian funds I wanted to give you an insight in our work. Our way of doing things is slightly different than in other Member States. There are a lot of things happening in Italy at the moment..

Yves Stevens:

With regard to Italy, I have taken into account two main authors: Schiara and De Silva.





*John Kerstens from the Netherlands:*

The disadvantages of paritarian social funds require some remarks.

With regard to increased costs: Maybe this is a disadvantage, but compared to what? To commercial insurance companies? If this is the case, I doubt whether this is true.

What are the alternatives according to you?

*Yves Stevens:*

Disadvantages are described in the texts of Blanke, Morris and Arjour . What they say, is that it leads to a cost. It is not a cost, it is like saying why do we pay taxes, we could abolish that, but if you don't pay taxes you do not have schools and universities. It is not about comparing, but it leads to costs, notwithstanding all the advantages.

*Bruno Gabellieri:*

The advantages of paritarian social funds are that they do not have to pay any shareholders.

*Yves Stevens:*

I agree, but coming back to structure 1, employees are shareholders, but structure 2 has external shareholders, so the costs can be higher.

### **Koen de Ryck**

Head of PRAGMA Consulting, Lawyer and Economist by training  
Pension Issues of the new MS

His presentation will be quite controversial. Freedom was idealised 10 years ago. But adapting to a world of individual freedom has proven very difficult. Even developed countries cannot provide safety network of social security in the Member States that joined the European Union only recently.

The 2<sup>nd</sup> pillar hardly exists in the Central and Eastern European Member States, but this is not really true, since in Cyprus there are 2<sup>nd</sup> pillar pension funds. Furthermore there are funded individual DC type plans, which are the funded part of 1<sup>st</sup> pillar. This so-called 2<sup>nd</sup> pillar exist in the Baltic states, in Poland, in Hungary, the Slovak Republic, Romania and Bulgaria, but not in the Czech Republic, Slovenia, Cyprus and Malta.

In the common European understanding these kinds of schemes are called 1<sup>st</sup> pillar bis.

In the Eastern and Central European countries, the role of World Bank is setting and monitoring the 2<sup>nd</sup> pillar. The European Commission has not been very active so far.





There are modest funded pensions in the aggregate in new Member States, but these developments are only starting. According to Koen de Ryck there is a lot of growth potential.

He questions whether the current approach a good one.

So far, all the schemes in the new Member States have been Defined Contribution Plans, which means that all the risks of investment and other risks are taken by the individual.

DC plans lack the beneficial effects of solidarity which that Defined Benefit type plans have to offer. Such funds are able to buffer the financial shocks that individuals are not protected against.

The individual in DC plans bears all the risks: investment risks are considerable, if such risks persist, they may well cause the end of such plans (see the experiences of the 401K plans in the US).

The financial sector has a dominant role in Central and Eastern European countries: the same names always crop up in the countries where the World Bank has had an influence in setting up such funds. Koen de Ryck asks whether this is good and whether current financial actors are doing well enough. For Koen de Ryck, the financial sector is not a silent partner in Central and Eastern Europe. It is a loud and outspoken partner.

According to him, the role of the financial sector should be reinforced with regard to transparency. More self-control should be promoted. It is a service provider, nothing more, nothing less. Pension funds in the Netherlands and in Belgium benefit from paritarian control: the jointly managed pension schemes have had a net return of 10% over the last 10 to 15 years. They benefit from risk mitigation because of solidarity, and their supervision is ensured by social partners and legal supervisors. Such pension funds provide better transparency. In addition, the costs for DC schemes are high, 6 to 7%, which is significantly higher than in EU 15. Also the choice between funds in Central and Eastern Europe is scarce. Koen de Ryck thinks that it is too complicated and could be done more simply.

### **Conclusion:**

The return in Eastern EU pension funds is lower than in EU 15, the risks and costs are higher, the education and transparency low. The European Commission should be more active in these countries to help setting up solidarity based pension schemes.

### **Questions:**

Representative from France :

In France, there are tri-partite funds. In the 50s an agency has been created together with the employers, their implied activities relate to housing, commercial and industrial chambers and associations based on public institutions, collective funds and compliance. Four representatives of unions and employers ensure the management of such funds.





This type of management has been introduced in the 80ies and was a way of creating a union for the construction of housing blocks. Paritarian management is organised by social partners. The contributions are ensured by employers and employees. The funds provide help to persons and ensure geographical mobility.

This is just an example of the diversity of the funds.

*Werner Buelen :*

I wonder why the costs of financial institutions were considerably higher in Eastern countries. Is there not enough competition (is there a cartel), is there a lack of financial competence or is it too much red-tape? Is there something that could be done at EU level to tackle this fact especially with regard to the dominance of financial sector?

*Koen de Ryck:*

It is a combination of all these factors, the costs are more than double than in the EU 15. There is also a lot of difference in these countries. There is an oversupply of service providers. One has to consider that an individual cannot choose between so many providers, he or she will get lost. Therefore in Sweden people did not choose anything, they fell into the default fund (AP7 fund). In the new Member States, choice is very big and overwhelming and does not necessarily lead to higher quality. In Sweden they have decided to review the system and to make the choice smaller. This is an opposite trend. In Poland more choice should be made available. The same names of leading financial service providers (e.g. Latin America and more concretely the experience of Chile) crop up over and over again.

*Representative from the Czech Republic:*

Thank you for pouring cold water on our heads. Our 2<sup>nd</sup> pillar is in reality a pillar 1 bis. During accession negotiations paritarian funds were overlooked by the European Union and the Member States, as a result of which we now have an empty spot; apart from the Romanian example there is no other positive example in other Member States of well-functioning social security funds. I have two questions:

Is there any sense and possibility of launching an initiative of a paritarian pension fund with the absence of an institutional framework? It is common in new Member States that governments are convinced that social security is the state's monopoly.

What actions could the EU develop to enhance the creation of such funds after accession negotiations?





*Koen de Ryck:*

You are right in saying that governments in this part of the EU consider social security as their monopoly. In fact, one should encourage social partners to try to break through that monopoly. Employers and employees should be more active and could be more successful. As far as the European Commission is concerned, more action is required as well. The Commission should set up a special committee, as recommended in the PRAGMA report, and seek recommendations and solutions by bringing together experts from Eastern Europe. Such a committee could lead to a framework of recommendations for the EC to take initiatives. Talking to European Commission, they see a need for paritarian institutions. That could be an objective of such a committee. That's the way to follow. Not yet another directive.

*Giuseppe Moscuza*

I'm representing the Italian federation of construction workers. I was interested in listening to the approach of paritarian funds. Restructuring of enterprises is a phenomenon of all countries. In Italy, the construction sector is fragmented, there is a lot of evasion and competition, some try to take unfair measures and harm all those who are involved in fair competition. Paritarian funds could cover all those fragmented companies. It is difficult to make young people join paritarian funds. They are often employed by small companies. No-one is interested in promoting such funds. They are trying to convince people not to join such funds. It is clear that the first pillar cannot cover all the needs of the future. There is a lack of financial input in the second pillar. I think that there is a need to establish EU criteria for financial aspects to limit speculations with regard to enterprises.

*Koen de Ryck* fully agrees with suggestion for the EC to take initiative in this respect.

*Matti Leppälä, TELA*

I have some reflections for the Polish representative. The question of pensions and funds was not an issue when Eastern countries joined the EU. When Finland joined the EU, during the accession negotiations, pension funds were a major issue. We have a partially funded statutory scheme that has been set up in 1962. The administration of funds is given to private operators, to pension insurance companies. Thus, it is a private sector market. 90 to 95% are in the hands of insurance companies that are non-profit. The EC had the opinion that these were life insurance companies and had to fall under insurance directive. A political decision has been made that these fall outside of insurance directives, if they are non-profit. It is the best funded social security scheme in the world. The administration of these schemes is done by social partners. The global classification perceives such schemes as 1 pillar bis systems. Therefore in Finland we are concerned about the developments in the new Member States, all the schemes are different. Legal and political questions are of concern for us. But solutions have been possible. I think that something can still be done for those countries which already joined the EU.





*Koen de Ryck:*

Finland has one of the best systems in the EU and the world. Iceland has even a better system. What is a disadvantage is that there is not enough competition between the providers.

*Bernard Devy:*

I have some reserves with regard to the World Bank model. I ask myself why this model, which has already proved to be inefficient, is promoted today? There are fears that the systems existing in the new Member States have nothing to do with solidarity. I think that the whistle should be blown on such systems.

*Koen de Ryck:*

I do not have a good answer to it. The systems of the World Bank have tried very hard and currently they are at a period of reflection to evaluate whether or not to continue. At a meeting in Budapest, there was an enormous criticism about the system and a tough attitude towards the World Bank. There seems to be a tendency to reflect on the things they have done in the past.

*Dan Cristescu*

I would like to refer to the system in Romania. The unions are putting pressure on the government to put the same amount of money into the 2<sup>nd</sup> pillar in the future. There is one social paritarian fund that has been active for 10 years. We have learned a lot from the Italians and Americans. The initial fund issues only a bad weather allowance for three years. 160 000 workers are currently covered. We help the state, because the state does not pay any allowance. Now there is a vocational fund which includes health and safety, migration and multinational issues. The government tried to misuse the money, but the joint strength of social partners prevented that.

*Fabian de Bilderling:*

I am interested in hearing the worries of the social partners and I wonder why the following question has not been addressed yet: Europe has developed the IORP Directive. Belgium has transposed this directive and has set the legal framework enabling other sectors to set up OFPs (occupational pension funds). Sectorial pension funds would allow economies of scale if the funds are managed and accumulated in an integrated manner. The construction sector in Belgium is organised in this way. Paritarian management allows the creation of social committees. As long as the legislation provides for prudent management, economies of scale are possible. Could this be a solution?

*Prof. Yves Stevens:*

I would like to reply to the IORP Directive question and some of the remarks of previous speakers. Labour and social law is not well defined in the IORP Directive which leads to huge problems. The European Commission should do something about that. But the problem is that the European Commission has no competence in this area.





Now with the new Member States it is even more difficult to do something: the social and labour law is different in each country. There is a different terminology and no agreement on it. Yes I think that the European Commission should do something, but currently it is practically impossible.

*Koen de Ryck:*

Coming back to the question of Fabian de Bilderling, there could be a committee that could work on the recommendations. The role of financial sector was limited to the central and eastern EU. I am not convinced that the Belgian OFP legislation could lead very far. Other countries have done a lot. There will even be a lot of competition for the relatively few EU pension funds.

### ***Afternoon session:***

*Signature of the joint declaration of social partners regarding the wish to see a new expansion of paritarian funds in the countries which may consider that interesting for the workers and the employers.*

Introductory words by Peter Andrews:

The reasons for setting up paritarian social funds are obvious: the main interest is to maintain the competitiveness and attractiveness, but also flexibility and effectiveness of the construction sector. Regulation of the construction industry is complex. There is a lot of fragmentation and Small and Medium Enterprises (SMEs). Social funds may help avoid unfair competition and mean social protection for the workers. All these elements are complementary. The system of industrial relations is the cornerstone of the construction industry. Social partners can decide on regulation. They have the experience and the know-how. Industrial relations are at the heart of the construction industry. This should not be taken for granted. Paritarian social funds have been set up as an extension of these relations. They play a key role for various reasons. The range of topics they can tackle is broad. It is important to stress that these funds act in an autonomous matter. Their operational aspects should be dealt with in an autonomous matter. The agreement that will be signed highlights the key elements that are at the heart of both EU social partners. The paritarian social funds have proven their effectiveness in many countries and could offer an added value for other countries.

Representatives of both organisations are invited to sign the statement. Mr. Pesenti, Mr. J. Kerstens on behalf of EFBWW, Peter Andrews and Daniel Tardy on behalf of FIEC.

### **First panel: Vocational training chaired by Peter Andrews**

Peter Andrews is the vice-president of FIEC, the president of social commission within FIEC and represents the UK construction industry. The pannel will provide three practical examples with regard to vocational training.





## **Bruno Vandenwijngaert, FVB-FFC, BE**

There have been considerable efforts concerning vocational training in Belgium in the last years.

The strong points are the sectoral approach and the challenges that Belgium currently faces. It is important to share experience in this area.

Another strong point is the social accord between social partners. They provide for strong and performing instruments and the financial means. It is the solidarisation of resources. Other funds such as CNAC and the so-called « Fonds d'existence sectoriel » have been created. I will now describe the challenges and the obstacles of such a fund:

The challenges are the following:

- Making sure the industry has a qualified/skilled workforce in sufficient numbers and in all branches
- Making sure the training provided meets the needs of all partners involved: the labour force, the industry and the society at large
- Making sure education, vocational training, industrial and human resources management are tuned in technological evolution
- Monitoring the market and stimulating employability
- How to promote vocational vs. general education?
- How to absorb unemployment by retraining young/older adults?
- How to integrate new entrants + new target groups: immigrants, women...
- And how not to lose the older/experienced age group?
- N° 1 challenge: the ambitious European goal to achieve retraining and upgrading of every other worker by 2010

The reason for the existence of our training fund is the need for qualified personnel.

Only 50% of the trainees that finalise the professional training enter the sector. It is a challenge to change this situation.

The obstacles :

- No common European building sector, despite open borders
- A number of rusty but changing national institutions within two-tier societies



Ministry of Labour and Social Policy





In the meantime:

- Public authorities versus private initiatives
- The tendency to protect monopolies

There are also legal and mental obstacles such as differences in wages, communication problems, mutual recognition of formal and non-formal qualifications, the regulated versus the “parallel” market and so on.

Another problem is labour mobility. 25% change or leave the sector. The workers that leave the sector are mostly the ones that are qualified best. Professional training has a role to play here. Companies that apply human resources management are less affected by workers leaving. In addition there is a lack of workforce.

With regard to paritarian social funds in Belgium, the companies pay a certain ratio for professional training. We have 90 employees to consult the enterprises. The objective of the consultation is to promote high level training activities for all professions.

The organisation is also active in the area of basic training, training of unemployed workers and job seekers, continuous training and perfection. It also supports the professional tuition. It provides subsidies for schools that are active in the integration of trained people into the sector. Such schools organise professional internships in partnership with the organisation.

With regard to apprenticeship, a young worker would try to have a contract with a company which determines his training profile and sponsors him, supported by the training fund.

With regard to perfection training, the consultants go to companies and sell the training. Each company can hire consultants in order to follow up on the training of their employees. This allows for a tailor-made training. There are training centres and cooperation with private institutions. Financial support is provided in this case.

Our partners are in the public education system. The sector invests in this fund, but the return on investment is not as high as expected.

Today there are 3000 apprentices. There is a problem of distancing oneself during the training process. The young people need to be stimulated and followed-up continuously.

There is also a possibility to organise trainings on the work sites, followed-up by the companies.

The collective agreement states that the training funds have the responsibility to realise the trainings under the control of the social partners. This is a win-win situation for all the partners. More training means more applicability, more employment, and more competitive advantage.





The strong point is the administration that is taken care of. The training plan is just a paper, but makes the companies reflect on training with the possibility of financial support through a sector-wide agreement.

Two homemade recipes helped to concretise the training policy: the presence in the field and regional and provincial antennae. Small companies are brought to the move, they will be convinced about the advantages of training and inclusion, thus seeing the benefit of sectoral intervention and tailor-made solutions and the advantages of the training schemes.

The company is the client and the training is a product, with favourable conditions charged to the training scheme and not to the companies. The competitiveness depends on human resources.

*Peter Andrews:*

Many people leave the sector. Is the existence of a paritarian training fund improving the sector?

*Bruno Vandenwijngaert :*

Yes, indeed, a study has proven this. The companies that organise trainings and use the sectorial funds have less fluctuation, as shown by a survey in Belgium.

*Pawel Targonski*

I would be interested in getting to know the financing of the fund. Where does the money come from and in which proportion of the employers and employees? How many employees work in the fund itself?

*Bruno Vandenwijngaert :*

With regard to the ratio of contributions, the companies pay 0.6% into the training fund (this has been stipulated in the collective agreement). The employers pay in the salaries of the employees.

Concerning our team, there are 93 persons in charge with the training, the consultants. The trainings are outsourced and the fund itself has a role of a mediator.

*Pawel Targonski*

You have stated that the income per year is 27 million euros. Is the collected money entirely put into the training or does it also go to the market?

*Bruno Vandenwijngaert :*

The budget is used for the training scheme. When the companies pay 0.6%, maybe one day they will have a deficit. The more training takes place, the more money is spent, the more the figures are worrying. The fund is directed towards the perfection training, the apprenticeship, cooperation with the public bodies and mediation of the sectoral work.





Public financing is not in the budget of the fund. The costs for the functioning of the fund represent about 10%. The budget is used for training purposes.

Question:

Are there any fiscal advantages?

*Bruno Vandenwijngaert:*

With regard to fiscal issues, the State has a notary role. Fiscality is 0,10%.....

### **Joep Jansen, NL**

Fundeon is a paritarian organisation active in the area of vocational training. It represents the Dutch national expertise and advisory centre on vocational training and the labour market for the building industry and earth moving, hydraulic and road engineering industry.

The financial structure in which Fundeon operates consists of private and public capital; most money comes from the construction industry. A premium for the training and the development of the fund is charged (percentage of the wages: 3%). In the Netherlands, financial sectoral social fund acts as a treasurer. Fundeon spends money on three issues: education, health and safety, research and development. Most of the money comes from industry training and development fund. It will be transferred to the companies that have a certificate as a training company to follow training and education. In addition, the fund receives money from the state for legally-based tasks. The first task is to uphold qualification structure and the second is to certificate companies to be training companies.

The organisation of Fundeon is the following: We have 15 members: 5 employers, 5 labour representatives and 5 school representatives. The clients are companies and schools. There is a tri-partite board for most of the questions; some questions that only concern construction sector are decided by social partners.

The mission is to develop and implement products and services in the field of education and career transition, to achieve relevance of vocational education to the labour market in the construction industry. The target is for education to fit in with the professions.

The core business is to help companies to develop to a higher level of personnel management through consultancy, to match education and labour market and to promote the construction sector and enhance the influx of labour force.

There are four different levels with regard to the consultancy task:

- Apprenticeship ability: this is a legally-based task. The construction companies are visited by consultants at least once a year.
- Professional development of employees and functional training
- Career development and recognition of acquired competencies
- Human resource management





With regard to matching education and labour market, Fundeon concentrates on

- The design and maintenance of the qualification structure and professional competency profiles (legally-based, 21 qualifications)
- Educational products and services
- Quality control examination

Concerning the promotion and influx the following objectives can be listed:

- Better image of the construction sector among youngsters
- Influx in vocational education programmes at all levels
- Side influx

The Netherlands is currently in an economic high tide, which implies a shortage of the personnel, 22 000 workers who leave the industry have to be replaced. In addition there is the ageing problem. As a consequence, there are more and more construction workers from Eastern Europe.

Currently Fundeon is engaged in two large projects in the broader framework of life-long learning:

- Career transition project: the ambition is to reduce the risk of dropping out and try to re-integrate workers.
- Career development and certification project, based on previously acquired certificates

The primary target is to mediate vocational training. In the Netherlands, there are a lot of apprentices.

*Peter Andrews:*

This has been an excellent overview. I was intrigued by the bi-partite social partners' arrangement and the decisions on modules of qualifications, on the time of work and training. Ministers responsible for education normally want to have an influence on education. To what extent will the government want to have an influence?

*Joep Jansen*

The social partners are autonomous, but for legal tasks there is a government influence.

*Pawel Targonski*

The budget is around 140 million euros, 85 million euros from Employers, 8 million euros from the government for legal tasks, so where does the rest of the budget come from?

*Joep Jansen:*

It is not quite like that. 140 million euros are premiums from employers and employees, 60 million euros go to training and education, the rest goes to health and safety and research.





## **Massimo Calzoni, Formedil**

The presentation will be similar to what was presented by the other speakers, but certain features are specific to Italian system.

The presentation concerns the Italian system, the trends, weaknesses and the challenges that may lead to changes in the future.

The legal framework of the training fund is the following: the 1980 comprehensive system, it consists of an agreement that is signed at national level: Formedil has been in charge of the training ever since. The collective agreement is the source of Formedil.

### The Current situation

#### The Legal model and financial framework

The training is organised at national, regional and district level. The task for Formedil is to promote and implement EU ventures and to represent the system in cooperation with national institutions. Regional Formedil entities are in union with districts schools. The regions can issue their own provisions and can provide financial help. Construction schools operate in all districts and cover almost the entire country. They provide the training, and do not serve as intermediaries, but deliver the training, which makes it different from other systems.

The organisational structure is the following: there is a Chair's committee, a board of directors and a board of statutory auditors. It is a non-profit organisation and thus not obliged to pay taxes. However, expenses cannot be deducted from tax. Formedil is a so-called Para private institution. The concept is quite complicated, yet as a result Formedil has some benefits, but also limitations.

The advantages are that social partners are involved in the fund, which leads to solidarity and to strengthening of the social dialogue.

The disadvantages are that a complex structure may lead to inefficiency. Therefore, slimming down the mechanism could be useful.

The representation in the country is positive: Formedil is close to employees and enterprises, but it is also sometimes difficult to coordinate and simplify the procedures, since the market differs in every place, and so does behaviour.

The financing varies too. Companies are obliged to pay a certain amount for the training. This is agreed at the district level. Across the country there are very varied rates. Only a very small portion reaches the national level. The financing results from the collective agreement. In addition, there is public financing from the district, regional or national level, but also the EU Social Fund.





There is a tendency to decentralise, thus, the district level feels more and more autonomous. Various financing options are possible, but at the same time, different patterns throughout Italy may imply some risk.

Collective agreement specifies that two-year long training plan has to be set up and kept. The training plan is recognised in national guidelines. There is training for young and apprentices in many branches who are already in employment. Because of the different needs of foreign workers, training material is produced in different languages. There are a number of projects with countries like Romania, Senegal and Egypt. These projects mainly address the issue of health and safety (50% dedicated to that) in cooperation with committee on health and safety.

The involvement in international actions concerning reconstruction is further developed. Formedil is a member of a voluntary network of 11 organisations from various countries called “REFORME”. This network develops certain procedures pertaining to recognition of skills. The possibility of defining certain professions is examined. Furthermore, the network drafts a map of skills which is very useful at international and national level. A training booklet provided to the worker includes all the trainings received and the results that the worker has obtained.

New social developments require new agreements. The part of foreign workers in Italy is growing; mobility is higher than in other countries. The training of new workforce has to be adjusted to that new situation. The efficiency of training needs to be increased. The responsibility of the fund managers is to properly invest the money and arm themselves with the right tools to adjust to the market. This will make it possible to provide services to employers and employees, and to adjust to the conditions.

Sharing of good practices in training is needed, as well as developing these trainings at a larger scale in order to adjust them to workers’ and employers’ needs. Formedil organises a national exchange of training offers. The trainings are implemented into practice to improve effectiveness. The purpose is not only to provide training, but also to advise the companies and workers to resolve specific problems of the sector.

Questions from the floor:

Are major employers allowed to get major training?

*Massimo Calzoni, Formedil*

No, they are directly trained. They are not involved in certifying. They are certifying themselves. Through the collective agreements and resources from regional or local level specialised people will certify their activities.





*Paul Sampra:*

182 000 people are working in the construction sector. A lot of apprentices enter the market. Later on the level of training is rather low, a recent survey shows that at the age of 50 they left industry for other industries or for health reasons. There are paritarian funds in health and safety and training. During the last round of collective bargaining one of the issues raised was that the benefits provided by paritarian funds and paid training hours should be exclusively reserved to trade union members. Only a few trade unions succeeded in having such trainings. Are the benefits reserved to trade unionists and what is the outcome?

*Massimo Calzoni, Formedil*

The difficulty that the colleague has mentioned is that there are a number of people that leave the sector. After 3 years only 10% of original people stay, 30% leave each year. Nonetheless, there are workers that stay for many years. There is no limitation of potential benefits to

members of trade unions only. But the difficulties that we encounter are that the staff rotate and the workers are rarely well-skilled. The question is who will select those who are suitable for training. There is a limited interest in training. Awareness of the needs is there, but some companies are not willing to train, because people will leave anyway. It is important that the people that enter the sector are trained before.

*Remark from a Belgium Representative:*

It is similar in the construction sector in Belgium, but non-qualified workers have to be trained. There are no limitations to trade unionists only, either. There is the same tendency, but the employer recognises the qualification. Uniformity of qualification would be useful.

*Joep Jansen*

In the Netherlands, the collective agreement is generally binding, premiums have to be paid and everybody has to benefit from it. A European qualification is necessary and will be a theme for cooperation at EU level.

*Peter Andrews:*

There is a need for mobile workforce. Can responsibility for mutual recognition of qualification be developed?

*Massimo Calzoni, Formedil*

This is a sensitive issue. Employers' organisations have no problems to recognise qualifications, but there is some distrust from employers about to what extent the qualifications are consistent with the needs of a certain category of work. This is a question of the market. Therefore certification of training is necessary.





*Question from the floor:*

With regard to the mutual recognition of the qualification, the rotation is an additional problem. Therefore it is important to ensure mutual recognition and use best practices existing in the countries. Changing profiles must be adjusted.

*Peter Andrews:*

Training is a complex issue. The construction sector is the most important industry for economic and social development of our societies. Mutual recognition should be led by social partners, they have a strong responsibility.

**Panel 2 chaired by Bruno Gabellieri**

Bruno Gabellieri presents briefly AEIP and confirms supporting the social agreements of the social partners not only in the construction sector.

In 2001 the AEIP Task Force Construction has been created and has today 9 members.

He discusses why pensions are going to be important in the future. The answer is that pensions are linked to wages. Pensions will have to be promoted in the Eastern countries. We are here to help those countries to see what the future of the retirement and social protection schemes in general will be.

**Jean-Marc Lamère from ProBTP:**

ProBTP is not only providing for retirement, but has other activities as well.

The fundamental question of the Polish side today was whether paritarian social funds can provide answers which might not be transferred on the one-to-one basis, but deserve to be taken into consideration nevertheless.

For the pension provision in France, employers and employees have sat together and put into place the current social security system in France.

Supplementary schemes have been created, which may be transferred to other countries. The fragmentation of the sector and the numerous SMEs in the sector are similar to other countries. This makes the social dialogue difficult. But at the same time it's an efficient tool.

The French pension system is based on three pillars:

1<sup>st</sup> pillar: PAYG and supplementary PAYG system (scheme based on the collection of points and less sensitive to demographic developments), the management is delegated to the supplementary schemes. In the case of the construction sector, this is: Pro BTP

2<sup>nd</sup> pillar: Company pension funds, PERCO which are save as you earn schemes

3<sup>rd</sup> pillar: individual saving products





The schemes are managed by the government, social partners, banks and insurance companies.

The position of the construction industry in France is the following: it is one of the most important industries in France and has been growing for a long time now. Pro BTP is a necessary portal for the workers in order to cover them for risks.

It was the wish of the social partners to cover the workers at the best value for their money.

The products of ProBTP cover the whole range of social protection and services to solve workers' problems. The social partners have opted for a collective approach. There is a better mutualisation of risks, fiscal advantages and best tariffs for companies and employees. Thus they provide a mix of collective and individual answers.

Pro BTP provides for pensions, provident benefits and supplementary health insurance (2.1 billion euro per year), social holidays, centres for the elderly, financial management, workers' saving schemes and administration of rights.

Bruno Gabellieri adds that retirement benefits are mandatory and that collective agreements can be in force for all professions in France by a special agreement of Ministry of Social Affairs and Finance.

### **Brian Griffiths**

Brian Griffiths presents the industry wide pension scheme of the construction industry. Over 2 million people are employed in the construction sector. There is a high level of movements between sites, employer and status of employer changes.

The legal framework:

The basic state pension is funded by national insurance contributions and there is an additional second pension scheme based on earnings.

For supplementary schemes, employers must provide access to a stakeholder pension unless they offer an occupational scheme. Employers do not have to contribute to such a scheme.

The supplementary pension scheme in the construction industry is not mandatory. The terms and conditions including minimum hourly rates and pension contributions are negotiated every three years by unions and employers.

Concerning the pension contribution, the employers should pay a minimum of €7 per week into an operative's B&CE Stakeholder Pension. If the operative makes a contribution, the employer should match up to €14 per week.





It is a DC paritarian scheme under pillar 2 and 3, where the risk is entirely with the individual. There is a contract with a provider and a pot of funds. The employers are sent to fund managers (Legal and General) for investment.

With regard to the financing of the fund, there are two options: a consensus fund, balanced fund of equities, bonds and cash or a cash fund – bank deposits. The consensus fund is the default fund if the individual does not choose any fund him/herself. Lifestyling is applied from age of 60 and a transfer of 20% to cash fund each year. There is a maximum charge of 1% of fund value per annum.

The challenges are that it is difficult for operatives to understand. Pensions are complicated and they have had a bad press in the UK. Furthermore, neither employers nor the employees have to contribute. As of 2012 employers will have to pay 3%, individuals 4%, 1% tax contribution; individuals can opt out if they want to (soft compulsion).

The advice is to keep the scheme as simple as possible and make it mandatory if possible.

## **Kalevi Hemilä, Etera**

### **Finnish earnings-related pension system in a nutshell**

#### Earnings-related pension scheme

The earnings-related pension scheme is a part of the Finnish social security system. All employees and self-employed people are covered under statutory earnings-related pension provision. Employers are responsible for arranging pension cover for their employees, but the employees themselves also contribute to the costs (4/5 and 1/5 respectively). The self-employed must take care of their pension insurance themselves. Insurance premiums and pension benefits are determined by the Ministry of Social Affairs and Health.

Finland's statutory pension insurance scheme was founded in 1962. The earnings-related pension legislation was unified at the beginning of 2007. Employers in the private sector insure all their employees under the Employees' Pensions Act TyEL, regardless of earnings or the branch of industry. Two exceptions are farmers and seamen. Earnings-related pension cover for the self-employed is provided under YEL insurance.

#### **Decentralised organisation**

The organisation of the earnings-related pension scheme is decentralised. Private sector employers and entrepreneurs are, for the most part, at liberty to choose their pension insurance company. Statutory earnings-related pension insurance in the private sector is handled by pension insurance companies, company pension funds and industry-wide pension funds, which are independent insurance providers. Separate pension providers established by law for certain groups of people are the Farmers' Social Insurance Institution and the Seamen's Pension Fund. The majority of pension policies are with private employment pension companies, which compete with each other. Their operations are monitored by the Ministry of Social Affairs and Health and the Insurance Supervisory Authority.



Ministry of Labour and Social Policy





The pensions of employees working in the public sector, e.g. the state and municipalities, have their own institutions. With certain exceptions, earnings-related pension provision for the local government personnel is handled by the Local Government Pensions Institution, which is an independent institution under public law. The Institution is supervised by the Ministry of the Interior. The State Treasury handles state earnings-related pension matters and is supervised by the Ministry of Finance. The Church Council, under the auspices of the Synod and the Ministry of Education, handles the KiEL pensions for the Finnish Evangelical-Lutheran Church. However, the investment activities of these public-sector pension providers are supervised by the Insurance Supervisory Authority.

In addition, pension provision for the employees of the Bank of Finland and the Social Insurance Institution (Kela) and those covered by the pension scheme for the regional government of Åland is arranged with their own pension providers.

While the administration of the earnings-related pension system scheme is decentralised and is dealt with by several pension providers, some functions are handled centrally at the liaison body of the earnings-related pension scheme, the Finnish Centre for Pensions.

### **Tripartite administration**

In Finland the contents of the statutory earnings-related pension scheme are regulated by statute but the principles of the scheme are largely agreed in negotiations between the labour market organisations. The earnings-related pension scheme follows a so-called tripartite administrative model. The State, the employees and the employers as well as the entrepreneurs all influence the development of the legislation on the earnings-related pensions.

The coordination and preparation of the earnings-related pension legislation is the responsibility of the Ministry of Social Affairs and Health. The Finnish Centre for Pensions, the pension providers and the labour market organisations participate in the preparation of legislation. Formally the pension providers are then represented by the Finnish Pension Alliance TELA. The final handling of changes to the earnings-related pension acts occurs in Parliament, which issues and changes the acts on the earnings-related pensions. The President of the Republic confirms the acts with his or her signature.

### **Pension insurance companies are major investors**

The majority of insurance premiums paid to pension insurance companies are used to pay out pensions annually. However, one third of the assets are invested for the future, usually in securities and real estate.

The pension companies are responsible for the funds accrued for employment pensions, and they must ensure their proper growth. In addition to the funds to meet pension liabilities, a pension company has to have an adequate solvency margin to cover the risks arising from its investment activities.





### **Client bonuses benefit employers**

In addition, the private pension companies pay client bonuses to their customers. The amount of the money spent on client bonuses depends on the financial result of each pension company. The client bonus consists of an annual deduction on the earnings-related pension premium paid by the employer. The client bonuses are employer-specific.

### **Employees' pension insurance in the private sector**

Employers insure all their employees regardless of earnings or branch of industry. Both the employer and the employee contribute to the pension premium. The Finnish Ministry of Social Affairs and Health confirms the premiums annually. The employee's share of the pension premium is 4.1% for those under the age of 53 and 5.2% for those aged 53 and over. The employer deducts the employee's pension premium in connection with payment of their salary and then pays the entire contribution to the pension provider. One can retire and collect old-age pension between the ages of 63 and 68.

Pensions are paid to all workers according to the same rules. If the worker's monthly earnings are less than €47.08 (in 2008), the earnings are exempt from pension insurance premiums and will not accrue pension. All employees between the ages of 18 and 67 are subject to payment of pension premiums, there is no minimum length of employment.

### **Extract from the employment record**

The Finnish Centre for Pensions collects all employment and earnings data reported by private-sector employers in an earnings register. The data is used when a person's pension is calculated. The employment record has been accessible via the Internet and electronic identification since 2002. As of 2008 all private sector employees will annually receive an extract of their employment record by mail. Public sector will be included from 2011.

Employment record extract includes information on all employment relations and entrepreneurial activities which have accrued pension rights. It gives also information on income and other benefits (e.g. study grants, unemployment benefits, childcare benefits) which accrue pension rights. In addition, over 50-year-olds receive an estimate of the amount of their pension.

With the help of the extract it is possible to annually follow the development of one's pension rights. The burden of proof for old employment history is gradually shifted from pension companies to employees and entrepreneurs. The extract will be sent by the pension company which currently has the pension insurance.

### **Pension cover**

Earnings-related pension insurance provides insured employees and entrepreneurs with pension cover against old age and disability, and offers vocational rehabilitation aimed at improving the work capacity of individual employees. The next of kin of the insured are entitled to survivors' pension. The earned income under the self-employed person's employment pension also constitutes the basis for calculating the amount of other benefits. Benefits are being paid monthly.





### **Well-being at work**

In addition to pension security, the pension companies provide services relating to well-being at work. Well-being at work and the ability to cope benefit both the employer and employee.

### **Etera Mutual Pension Insurance Company in a nutshell**

Etera is an earnings-related pension insurance company that offers its clients high-quality services provided by expert personnel. It provides well-being and financial security to the policyholders and employees insured with it.

Etera has 45 years of expertise in and knowledge of the Finnish employment pension system and pension insurance. Etera was the only employment pension company offering LEL insurance in Finland until 2007. Under LEL were insured employees in construction, forestry, agriculture and harbour work. From 2007 Etera provides insurance for all employees and self-employed persons in all industries. It is a mutual pension insurance company, which means that it is owned by its clients.

It makes sure that the funds set aside for earnings-related pensions are secure and generate a profit. Good profits also result in competitive client bonuses.

Besides pension, Etera also aims to promote occupational health and working capacity, and provides various services related to well-being at work together with its customers and local co-operation partners. Well-being and the ability to cope at work are in the interest of both the employer and employee. Etera also offers help with office property and financial needs.

The number of people insured with Etera is 250,000 and Etera pays out a total of € 800 million to 156,000 pension recipients. Etera has some €6 billion of invested assets to secure pension funds. For more information, visit [www.etera.fi](http://www.etera.fi).

### **Pat Fergusson, CWPS**

The CWPS is an occupational pension scheme for the construction industry in Ireland. In his presentation Pat Fergusson will concentrate on technical issues. This new scheme has been launched in 2006. There is a paritarian aspect. It is governed by board of trustees. All trustees are liable. Furthermore, a pension administration company has been set up, which reports to the board of trustees.

The regulatory framework: Unions' and employers' representative form the board of trustees. Occupational pensions in Ireland are governed by board of trustees. The scheme is monitored by the pension board and has been registered in its old form (CFOPS) under employment agreement between trade unions and employers in 1969.





Financing of the scheme and benefits: CWPS is a second pillar occupational pension scheme. The contributions are made of 7% of the average basic construction salary. The employer pays 4.2%, the employee pays 2.8%.

Each member has a choice of different retirement options.

The financial process is relatively straightforward, it is a hybrid scheme. Allocated on a DC based account, when a member retires the money required to pay his pension is transferred to an annuity fund that works on a DB basis (-> hybrid scheme). The annuities are approximately at 8% discount of the market.

Asset allocation is controlled by trustees. The structure was set up by trustees with consultancy of an Investment Management Company. There are separate identities of the fund: an annuity fund, a member fund and the reserves. Various asset types are used, the core assets are passive and indexed global equities. They also invest in indirect and direct property, long bonds and cash (5%).

The allocation of funds is the following: grouping of equities, alternatives and property and then bonds and cash (nominal assets). Depending on age, there is no investor choice, since education of the workers would be needed. The older the workers get, the more bonds and less equity are used for investment. Security increases with age.

The target for pension coverage is 70% of working population age 30 or over. The current coverage achieved is 59%. Employers are obliged to provide access to a pension scheme. CWPS covers 83% of manual workers in the construction industry. There are a lot of foreign workers, therefore the scheme literature is also available in Polish, for example.

The pension is preserved after 2 years of contributing to a pension scheme. CWPS preserves benefits from the date of joining. When leaving the service, a member of CWPS is entitled to a preserved benefit payable from the age of 60, or to a transfer of accrued benefit to another occupational pension scheme or to a transfer of accrued benefit to a personal retirement savings account.

### Questions:

*Werner Buelen:*

With regard to the Investment Policy: Pension funds are currently under fire; have any of the pension funds some special policy with regard to investment in certain activities, is there a corporate responsibility programme?





*Representative of Ireland:*

The agreement is registered in the court, but only 83% are covered in the scheme, how do you manage to get other members on board?

*Pat Fergusson:*

There is an equity issue: the investment is done on a very long-term basis. The structure of fund is following the principle of lifestyling: elderly are not undergoing risks, sub-prime risks are buffered in this way. The fund has suffered as others, but not as much.

With regard to Social Responsible Funds: this is an annoying discussion and a hot topic in Ireland, but we haven't embraced it yet. Social partners look at what's in it and if there is something that is not good, there would be a halt. The premise is to go in the best interest of the members.

Concerning the missing 17% that are not in the scheme: for CWPS it is a big problem to track down employers. Some employers don't want to be in the scheme, particularly in the small sub-contracting enterprises. CWPS has set up a monitoring agency to track that down. Small companies sometimes only employ people for a few months. It is very difficult to determine how many people are out that are not in the scheme.

*Brian Griffiths:*

There is a conflict of social responsibility. Fund managers may use their voting power to combat unfair investment.

*Kalevi Hemilä:*

In Finland we have just started with hedge funds on a small scale.

*Jean-Marc Lamère:*

There is a reform of the basic pension scheme. The whole range of investment products is possible. During the reform of 2004 new products arrived on the market: PERCO (employees' supplementary saving schemes).

*Question concerning the Irish Model:*

The first pillar covers about 30% of earnings up to the age of 65. The average age of an employee is 25 to 30. How many people will achieve the average service time? What is the average time to achieve pensionable age?

If you are a normal worker, if you spend a reasonable part of your life working, you will achieve a pension after you have spent 25 years at work. CWPS will try to achieve another 30% and reach an average of 60%.





*Question from the Netherlands:*

In the Netherlands there is the phenomenon of the self-employed. Flexibility undermines sometimes collectivity. I would be interested in what has been said by Finnish and French colleagues.

Concerning the Finnish example: is this a result of a law?

In France: Is there a duty of self-employed to contribute to the pension scheme? Is a self-employed a member because of law?

*Kalevi Hemilä:*

The self-employed have the same support as workers.

*Jean-Marc Lamère:*

There is a basic scheme for the independent workers. There is another scheme that is not obligatory for the independent workers.

**Conclusion by Bruno Gabellieri:**

Task Force Construction of the AEIP is working a lot on pension issues. There are other good examples in the Netherlands, Germany and Italy.

The members AEIP Task Force Construction are sharing information on the following issues: asset management benchmarking, pensions and health and safety. The members of the AEIP Task Force Paid Holiday Schemes share information on irregular work, the posting of workers directive and the impact of worker's mobility on the scheme. Furthermore, AEIP has concluded a cooperation protocol with ILMA, the International Labour Management Alliance from the USA.

AEIP is a technical organisation to find better solutions for the future.

**Peter Andrews:**

He wants to come back to one or two points of what has been said:

We are pleased to be in Poland. Paritarian funds are a novelty in Poland, but also in other countries. We are looking into the future, which is true for all the funds, we have a responsibility to look into the future. There are positive trends in the Polish economy. Collective bargaining should be bi-partite, and this is the way to go. This recognises the importance of social partners in achieving economic and political progress. The role of social partners is to develop new types of social dialogue to help to achieve Lisbon goals.





*Domenico Pesenti:*

The construction sector is a vibrant industry that we are all part of. There are many challenges that we have to face together. There is a large proportion of SMEs. Paritarian funds have a strong role to play in preventing social dumping, working for prevention of accidents and providing adequate pensions.

*Daniel Tardy:*

Paritarian funds have a vital role for the industry: Social partners shall positively take forward the requirements, attracting new people to the industry and retain them. This is a great role for social partners. Mobility is a great challenge and will still increase. Energy reduction is important.

*Yves Stevens:*

The regulatory framework under which Paritarian funds operate implies negotiation and respect which goes hand in hand with trust.

The best bi-partite solution is with the government as a notary. Sectoral funds are the most common funds. There is a need to counteract fraud.

Any element you can think of is included in some way in a paritarian fund. Dialogue leads to something positive, but there are limitations. As already explained, there are hardly any EU rules.

Financing has been a controversial issue. Some countries cannot afford that. Accession negotiations did not take that into account. Pensions that are sometimes at extremely modest level need to be raised up. There are also issues in the financial world, the risks for individuals at present being too high. The revision of the World Bank model is a major challenge.

*Peter Andrews:* We had now the presentations on vocational training:

The speakers presented three different approaches: Italy, the Netherlands (a mix of consultancy and training) and Belgium (bi-partite arrangement). The speakers reminded of the need for qualified workforce and raising its skills. All organisations committed to training workforce.

Concerning the presentations about the paritarian pension funds, we have now clear ideas about how pensions work.





## **The 2<sup>nd</sup> day of the conference**

Domenico Pesenti opens 2<sup>nd</sup> day of conference. The focus of this day will be Safety and Health at Work. The speakers will look at how this topic can be addressed with the help of paritarian funds and how we can learn from each other's experience.

### **Carl Heyrman**

Yesterday the role of paritarian organisations in the field of pensions and vocational training has been described. Today we will focus on prevention of occupational accidents and diseases at the work place.

Carl Heyrman is the General Manager of the Paritarian Fund of Prevention in the construction industry in Belgium. He presents the panel.

Karl-Heinz Noetel, BG Bau, Director of Prevention Services of BG Bau, Enrique Corral from the Fundacion Laboral in Spain, General Manager and Cees van Vliet, General Manager of Arbouw.

*Karl-Heinz Noetel, BG Bau*

Thank you very much for giving me the chance to talk about our practical experiences. If an accident happens at the construction site in Germany, the concerned persons can be sure of receiving a whole package; all is out of one hand: the prevention of accidents and professional illnesses. The main focus is on the rehabilitation, the re-integration into the job and, last but not least, compensation through pension, for example.

The BG Bau is managed by the social partners. Every six years the elections for the governing boards of social security institutions take place. The employers and employees elect delegates to the governing bodies.

The assembly of representatives is responsible for the statutes, the budget and the risk rating. The board of directors is responsible for general management questions. The BG Bau is a public corporation. The German Accident and Prevention Insurance Association has 43 million insured and represents 3 million companies.

In the construction industry, there are 2.7 million employees and around 400 000 companies. As soon as a company has been set up in Germany, it must notify the German Accident and Prevention Insurance within a week. The accident and prevention insurance is organised per sector.





SMEs are the target group of our activities. The financing of the German Social Security system is as follows: The social security insurance is based on five pillars: the health insurance, the long term care insurance, the pension insurance, the insurance for unemployment and the insurance against accidents at work. The employers pay the contributions to the insurance against accidents at work. If the employers have a liability insurance, they do not have to pay contributions to the accident and insurance association. The accident and insurance association insures against all kind of accidents at work, travel accidents and so on. Thus the social peace is kept. The contributions are according to the class of gross salary, according to the number of accidents and the danger of accidents.

75% of the cost is used for financial benefits (rehabilitation, hospital etc.). In the construction sector these are around €2 billion. All employees are insured (compulsory insurance); the partners are either insured on a compulsory or a voluntary basis.

BG Bau provides insurance against accidents at work, company sport activities, and all the trips from and to work, occupational diseases (this is set by law).

Its mandate is to prevent health hazards, to organise first aid courses, to reduce the impact of accidents at work and occupational diseases and to search for their reasons. Rehabilitation is very important. The principles of its work are: prevention before rehabilitation, rehabilitation before compensation.

The measures taken are consultancy and supervision through inspectors (550 in Germany). The employers are being consulted. BG Bau also has rehabilitation centres in cooperation with public entities. In the construction sector they put a medical service at the disposal of the companies. BG Bau also has its own research centres that are active in standardisation and certifying products. It is implementing work and health protection in the procedures and structures of the company. In the construction sector, the ILO guidelines are used as a basis for their activities. BG Bau also has services that are active in the field of measuring hazards products and training of the employees.

The success for BG Bau is that the accidents at work have been reduced by 64%.

## **Enrique Corral:**

### **Safety and Health in Spain:**

Fundacion Laboral is a non-profit paritarian organisation, created in 1992 through a national collective agreement. It is managed by a paritarian board. Its financial resources come from employer's contribution (1.75% of the salary). In the future it will be 1.95%. Employer's contribution constitutes 25%, the rest comes from public subsidies, similarly to the Italian system.





The aims are the promotion of occupational training, safety and health at work, promotion of employment and craftsmanship.

The business structure is very fragmented. The construction sector represents 17% of the GDP. In Spain, there are 448 446 companies, which represents more than 14% of the total number of companies. There are 2.6 million workers, out of which 21% are foreigners. The total amount of accidents is 934 351, out of which 27% happen in the construction industry. More than 30% of fatal accidents happen in the construction sector.

Last summer a new collective agreement has been signed. It includes four sections: minimum health and safety regulations, the setting up of a Paritarian Organism for Prevention in Construction (OPPC), information and training.

OPPC: follow-up of work accidents, creation of statistics, organisation of visits to check working conditions, development of itinerant trainings at work places. More than 10 000 work sites are visited per year. Furthermore, OPPC provides mobile class rooms for training at the work place.

With regard to information activities, there are two projects:

1. A study on the efficiency of publicity campaigns
2. A hotline for prevention (telephone and Internet)

The national collective agreement provides for two types of training:

One is the initial training, the other is the specific training for the construction sector, depending on the work of each employee.

The initial training comprises a minimum training for the construction sector workers. A simple and understandable training with the help of pictures is used. With regard to the specific training for specific posts, more practical prevention is necessary.

Fundacion Laboral has 20 centres for prevention practices. Regarding training, more than 42% of the students have done health and safety courses.

Training accreditation has been established with the so-called Tarjeta profesional de la construccion (professional construction sector card). It is issued to all the workers to certify their training activities in safety and health, their working experience, any other compulsory training and information about medical check-ups.

The card is issued through a process management, including information points throughout the country, validation and handing over.

The card's validity will be five years.





## **Cees van Vliet:**

Cees van Vliet will present Arbouw and its mission within the Dutch construction sector; he will provide some figures on employees and companies and explain how Arbouw tries to comply with its tasks.

The Mission of Arbouw is to improve health and safety and reduce absenteeism in the construction sector. In this respect, improving working conditions will reduce risks.

Employers and employees representative run Arbouw. It is financed by the industry without government aid. There are three funds that are run by the same employers and unions representatives. Arbouw is a non-commercial foundation focused on prevention.

There are several sectors in the construction: commercial and residential buildings, infrastructure, completion and maintenance.

The construction sector in the Netherlands has 19 000 companies, 220 000 employees. 75% of the companies consist of fewer than 10 workers. The sector has a turnover of €25 billion. The number of self-employed workers is rapidly increasing with a high proportion of immigrants from the new Member States.

Arbouw employs 30 people. Its tasks are research and development (data analysis, monitoring of accidents and disability), corporate health care and industry support. Arbouw has a role as front office; it advertises and provides face to face information all over the country. It is important not only to those attending the meetings. In order to improve the service, it is necessary to listen to the needs of the clients. Individual construction companies put effort in improving prevention. Several special projects are currently running. There is a project concerning covenants, a carrier projects, a work stress project and a safety project. The benefits of Arbouw are that the figures of absenteeism and accidents are declining.

The government only sets the targets and checks whether those targets are met. It is up to employees and employers to manage.

Customer-made solutions achieve more support. The agreements have been laid down in a catalogue of safety and health. The first catalogue will be ready this month and will contain tailor-made solutions for employees.

In the Netherlands close cooperation is necessary, since the rates of accidents and absenteeism are still too high. But the figures have already dropped.

Concerning the increase of self-employed workers, for large part immigrants, extra measures are necessary. The high numbers of immigrants have an impact on safety and health. Long working hours are a risk for the workers, and so are linguistic problems. These may sometimes result in a disaster. Over 30% of the accidents happen to immigrants. Trade unions and employers joined forces to improve the situation.





Immigrants have to have the same rights. At the same time there is a fear of the negative image of the sector, thus, classes for immigrations are held in their native languages.

Health and safety is a mutual interest. There is no competition. Research and the development of instruments are conducted for the benefit of both employers and employees and shall be provided to all involved. This will give a modern image to the sector.

Efforts and investments have good results. There is a strong belief that working together is the only way to deal with health and safety issues.

### **Health and Safety in Belgium (Carl Heyrman)**

The health and safety organisation, CNAC, has been founded in 1964 and based on a collective agreement in the joint industrial committee. It is a paritarian organisation with a board of directors, equal representation, unanimous vote and rotation of presidencies. There are four departments:

- Companies: advice on site to companies
- Research and development: research and transposition into products
- Training: training programmes related to safety and health administration
- Communication department

The institution is based on collective resources and financed by a percentage from the salaries of the construction workers. The organisation has 37 employees. They give advice on the construction site and administer the website. Furthermore, they provide training, consultancy and non-periodic publications.

A prevention atlas has been set up. It includes a so-called quality circle. Advisors visit the sites, detect sticking points, put them into the computer and analyse them for improvement in the industry. This allows an overview of problems in the construction industry as a whole. Thus, training programmes can be developed and specific actions can be set up.

The computer system takes into account four parameters: persons, equipment, products and environment.

The analysis is being done per profession. There is periodical information every three months published by CNAC.

There is a basic training of 12 hours for workers, followed by a compulsory exam. The costs are covered by the training fund. The trainees are safety experts, staff members and co-ordinators.





The exam includes safety issues of the workforce, but also of engineers, architects and so on. The research and development department prepares studies for the joint commission, publications etc. There are general awareness raising campaigns. As a result, the number of accidents has dropped considerably. As of 2006 specific target groups will be created. For example the roofers have a high rate of accidents. In these target groups, CNAC representatives are not only dealing with prevention, but have set up a platform with other organisations to prevent accidents and maintain standards. In case of shortcomings, there are sanctions.

As of 2007, road workers will be the target group. Carl Heyrman informs about a symposium that will take place between 23 and 25 November in Brussels.

### **Questions and discussion:**

*Karl-Heinz Noetel:*

Concerning the mobile class rooms: for how many years have you had them and what is the acceptance like?

*Enrique Corral:*

They have been used for three years now. We started with big units, now we are using small ones. The acceptance is very good. We use the biggest unit that you may drive with a normal permit.

*Peter Andrews:*

Network rail runs 365 buses used to training sessions. They can be used on the site. Very hard hitting video type sessions are used and experience shows that in the vehicle there is a lot of rapport with the workforce. The project is extremely successful.

*Carl Heyrman:*

All countries are dealing with the same problems, immigrants, other languages and other cultures, how do you deal with problems related to other cultures?

*Karl-Heinz Noetel:*

On the construction site, it is difficult to find German speaking people. We are in cooperation with the Turkish government to share costs for the translation of the information into English, Turkish, Russian. We are also trying to offer training courses in several languages, but this is still in the beginning phase. BG Bau would like to start with mobile training sessions, in different languages, with teachers that speak the language of the worker, to increase flexibility.





*Enrique Corral:*

In the mobile classes, if possible, the teacher speaks other languages. There will be at least a text in a different language available to enable the foreign workers to read in their own language.

*Cees van Vliet:*

This is a current discussion point in the Netherlands. It is the responsibility of the constructor to inform workers on site, in the language that is spoken by the workers. The ISSA is discussing translation costs, and how the free information can be used and how it can be translated.

*Domenico Campogrande:*

I have a question concerning the health and safety card in Spain: discussion on this issue in Social Dialogue could be useful, but there are some possible dangers. Is this card mandatory for every worker in Spain? What about workers from other countries? Is the card recognised in other countries?

*Enrique Corral:*

As of 2012, the system will be mandatory, until now it is voluntary. Foreigners will be obliged by the Spanish collective agreement to use the card. For the moment there is no system to recognise accreditation systems.

*Peter Andrews:*

In the UK there is a Construction Certification Skills Scheme Card. Every worker will become a holder of this CSCS card. Major contractors should have such a card at 100%, civil engineering at 80%. This card includes health and safety training and tests. There is training in other languages with key safety words. The UK even organises preliminary training in Poland. The workers are asked to make preliminary tests before they come to UK. It is nonetheless difficult to get to a high proportion of the card usage.

*Carl Heyrman:*

There is an electronic file only for the training part. A user can access that file that concerns safety and health issues. Another problem is the protection of the personal life (data protection).

Question:

Should social partners work towards an EU card? Should there be an accreditation for working all over Europe?

*Carl Heyrman:*

In a globalised work we need to work towards an EU card.

*Bernard Devy:*

Will the working conditions be improved? What about the aged worker? Is an early departure foreseen?





*Cees van Vliet:*

The time to retirement has been shortened, but in general, people have to work longer (60 years now). It is up to us to provide proper solutions in order to keep people longer in the construction industry. It is important to discuss what the sector can do.

*Domenico Pesenti:*

We need to talk about prevention. There is an age at which physical activity declines. This has to be faced by employers, employees cannot work longer.

Final Session: Looking into the future:

### **Mr. Zbigniew Janowski from Poland**

It is important that paritarian social funds are promoted by the social partners and that the European Commission has supported this event. The Polish Ministry of Labour and Social Policy is open to such collaboration of social partners. This is not just a gesture. The promotion of paritarian funds would need a concerted action of the social partners and the government. The support of AEIP and Pro BTP is important as well. The construction sector in Poland is a prosperous industry. A lot of initiatives are undertaken by the social partners in this sector. In recent years, the governments have ignored the initiatives to establish three partite teams, which has not been successful. A structural social fund is needed. It is important that there is an autonomous bi-partite dialogue, but so far, the instruments are lacking. There is no regulatory sphere where social partners have an impact. Some agreements as the one on the minimum hourly wage have been concluded, but the government did not accept this agreement, because the government stated that it was against free competition. The most important goal for social partners is to fight the grey economy. The Polish social partners are interested in paritarian institutions. Their way of organisation and functioning has to be set up. The Polish social partners ask for the support of other social partners. The challenges are to increase the attractiveness of the sector, to deal with immigration and the lack of skills, the differences in wages, work stability and social protection. Higher standards are necessary. It is also important not to by-pass existing social legislation in other countries.

### **Zdenek Klos, Czech Republic**

Zdenek Klos welcomes the share of experiences and good practices through the conference. In the Czech Republic, social partners cooperate with the government. Before a law is passed, a labour committee discusses the key issues for society and the economy. There is a contract about the general principles of social dialogue from 2002. Agreements have been in practice for many years. Sectoral agreements in the Czech Republic can be expanded to all sectors.

There are benefits for accidents and illness based on compulsory contributions of employers and employees. Healthcare is covered by the social insurance and healthcare institutions. Employees may get additional benefits. With regard to compulsory insurance, the employers may for disability and health care cost. Additional insurance is possible. The pension in the Czech Republic is with the state. Employers and employees pay social security insurance.



Ministry of Labour and Social Policy





Collective agreements set the wage policy. The minimum wage is defined by the state and discussed by the social partners. With regard to healthcare there is an obligation for the employers to ensure additional prevention. Medical check-ups are foreseen as well as reduction of risks at work. Health and safety issues are shaped by the state. The responsibility lies with the employers. The employers are obliged to raise awareness of employees with regard to health and safety issues.

Additional funds are not possible, since there is no law in this area. It would be good to set up a training fund; joint programmes similar to paritarian funds have been prepared. In the Czech Republic, paritarian funds are not an option for the moment. Administrative efforts and additional organisation would be necessary. There are discussions about the pension reform. The conference is inspiring for sharing information to improve our own system, to review the old system. Zdenek Klos would be ready to organise a similar conference in Prague.

### **Jan Kren from Slovakia**

The social dialogue in Slovakia is limited, there are no clear laws. The conditions with the current government are improving. There are many issues to tackle in the economic and social life of Slovakia. In the construction sector there is a council of the construction industry that is attached to the Ministry of Infrastructure. Trade unions have an umbrella organisation. Industrial health and safety issues and combating illegal work are the concerns of the trade unions. The employers try to set up sectoral collective agreements. The conditions for this are over 15 years old. There are 176 different employers' organisations. The sectoral agreements are only applied to those employers who are part of the organisations. Thus it is difficult to have generally binding agreements. More and more people from Slovakia are working abroad. Therefore, it is necessary to attract young people to the sector in order to keep them in the country. There is a fund to finance training of young people. The employers pay for this fund.

Pension funds are regulated by a separate law. There is a paritarian fund managed by the local government authorities.

The conference has been inspiring. The difficulties of social dialogue in Slovakia have to be overcome.

### **Speaker from Hungary**

In Hungary there are the same problems as in other countries: low wages, moonlighting and a shortage of labour. The social partners cooperate, but paritarian funds do not exist yet. In the Western countries such funds are deeply rooted in the history of the countries. Such concepts cannot just be transferred, but need to be adapted to the conditions of each country. He underlines that a proper political backing for social partners is necessary. This can help to increase the quality of life.

### **Summary Sibylle Reichert:**

Sibylle Reichert summarises the conference in pointing at the most important statements during the conference.

Concerning the merits of the paritarian social funds, she reminds that paritarian management is new in Poland and needs to be set up at a bi-partite level with the government as a notary.





There is currently no general binding collective agreement. But during the speech held by the Secretary of the State, positive indications have been given about the willingness to help to set up paritarian funds. In his speech, Domenico Pesenti stresses that the paritarian management is an important element for the sustainable development of European societies and the implementation of the Lisbon strategy. He sees a strategic and political role for paritarian institutions. Daniel Tardy states that paritarian institutions help to improve quality and provision of optimal services for the workers. He furthermore reminds that the conference helps to share best practices across Europe.

Prof. Yves Stevens presents different models of paritarian management. According to the literature, paritarian management leads to a cohesive society and provides for societal stability through social and economic democracy and equality of power. According to him, subsidiarity is an important element, especially with regard to social and labour law. He states that there is almost no legal framework at European level.

The role of the financial sector presented by Koen de Ryck is too strong. The World Bank model, spread in Eastern and Central European countries has deficits and needs to be revised. He proposes to set up a committee at European level to raise awareness of the financial problems. Limits of financial markets can be buffered by solidarity and compulsory participation. The social partners have a role to play as supervisors. He calls for European action in this area.

The following sessions deal with concrete realisations of paritarian management. The first round table is about vocational training. Examples are given from Belgium, the Netherlands and Italy. The major tasks of vocational training institutions are training, consulting and certification. Tailor-made training is necessary to improve the quality of the work-force and the skills of the workers. There is a high fluctuation of workers, an issue that needs to be tackled through better training and mutual recognition of professional qualifications at European level.

The second round table about pensions comprises four presentations from France, the UK, Finland and Ireland. This shows the kaleidoscope of different pension schemes across Europe. There are voluntary and compulsory schemes and DC, DB or hybrid-type schemes. The asset management is a challenge, even more against the background of the ongoing financial crisis. Furthermore, socially responsible investment is an issue.

The third round table about health and safety at work included four examples from Germany, Spain, the Netherlands and Belgium. It has been concluded that health and safety are important issues for both the employers and the employees. The construction sector is extremely affected by accidents and therefore proper health and safety instruments are necessary. The sector is facing major immigration which implies also challenges in the area of health and safety. Another aspect is how to deal with the elderly. A European health and safety card seems to be a proper tool to promote health and safety across Europe and standardise the tools.





In the final session, the so-called Visegrad countries, Poland, Slovakia, the Czech Republic and Hungary describe the reality in the construction sector. Low wages, moonlighting and shortage of labour are issues that need to be addressed in all those countries. The role of the government is to enhance social and labour law. Generally, binding agreements do not necessarily exist. Thus, there is a need to strengthen the role of the social partners and set up paritarian funds. It seems that only Poland is really interested in this idea. Another important aspect is that the existing models cannot only be transferred, but need to be adjusted to the national solutions. All speakers agree on the need to cooperate at European level.

### **Summary of Domenico Pesenti**

The work of the secretariats of FIEC and EFBWW contributed to the success of this conference. Thanks also to AEIP for contributing and organising the conference. Thanks to the Polish ministry for enabling the event to take place in Warsaw.

Thanks for technical support and to the interpreters. The conference helped to reflect on the current situation, to share information on what practices are implemented to improve systems. There may be examples for direct transfer. He hopes that the conference has given food for thought for Central and Eastern European countries, in order to increase the protection of workers. Social partners are the heroes of those events. Both employers and employees deal with funding the insurance, not only as silent partners, but as the main actors. With regard to the Protocol signed yesterday, it is worth recalling that this document is just the starting point for further progress in the future. Joint discussions between employees and employers are not only about managing conflicts. A collaborative approach has to be found, to face problems and solve them. It is important to use all funds correctly and to get best performance. The speakers presented their activities and showed that they are able to be significant partners in the society. Social partners and paritarian funds are also active subjects of social democracy. This allows the participation of employees in the democracy. It is a joint heritage of all European countries. The conference has been just the first meeting, now organising such conferences at a regular basis is planned. Everybody will be glad to have such a follow-up. The funds are willing to inform each other about their activities, to share good practices and to protect workers who migrate from one place to another. Now the tools have to be worked out.

### **Peter Andrews:**

Key words of this conference have been important and inspiring. FIEC was delighted to play a role. Many statistics, budgets and considerable sums of money were presented. A lot of people are involved. This shows the importance of the sector: the level of skill needs to be kept up. There is a need to talk about the role of social partners and to reflect on their importance. Many initiatives are there because of social partners. There are bi-partite and tri-partite arrangements. Peter Andrews would favour the bi-partite arrangements, but there are many different solutions.





People are the only real asset. The role of small and medium companies is important. All action taken must be relevant to SMEs and individuals, taking into account the increasing migrant work force. The role of the social partners is to lead towards schemes that are relevant for the mobile work force. In the future better ways have to be found to tackle this problem.

Concerning paritarian funds, there are interesting voluntary and compulsory solutions. No solution is better; each country has to find the best solution for itself. Paritarian funds are a vital element for the future.

At the same time a cultural change is necessary. Working together also at European level is necessary!

### **Jacques Brossard:**

The Task Force Construction of AEIP has been created in 2001. Its members are the following :

- B&CE the United Kingdom, observer of AEIP
- BUAK Austria, observer of AEIP
- CNCE Italy, observer of AEIP
  
- Cordares the Netherlands, member of VB (associated member of AEIP)
  
- CWPS Ireland, Associated member of AEIP
- Etera Finland, member of TELA (associated member of AEIP)
- Pro BTP France, member of CTIP and AGIRC/ARRCO (associated member of AEIP)
- SOKA-BAU Germany, associated member of AEIP
- Fundacion Laboral Spain, candidate as an observer of AEIP
- In Switzerland, I am in contact with the funds of the construction sector which have been following up the works of AEIP for a long time.
- ILMA : since last year, AEIP has concluded a cooperation protocol with the « the international labor management association »

Globally, AEIP works as a service provider for its members, be they associated, observers or simple correspondents. As you might also have observed, AEIP respects the national organisations and in certain cases had to accept and make its associated members accept that the construction sector institutions could cooperate at European level.

Europe is a cooperation of national, interprofessional and professional federations. The European challenges are global, but also sectoral and AEIP has to help fulfil all the objectives of the social partners.





Until now only the sectoral social dialogue in the construction sector coincides with a Task Force of the AEIP. But this is not by chance, since our secretary general has identified this sector early as an avant-garde sector with regard to the awareness of problems linked to mobility, free movement of workers, free provision of services, observation of collective agreements, but also the general interest of consumers.

Since its beginning, AEIP has been concerned by the questions of competition linked to the rights of social partners to establish compulsory coverage for the workers of this sector ; all under the control of the Court of Justice in Luxembourg which guards the community law. Jacques Brossard is pleased that in such an important sector as the construction sector, employers' and employees' representatives from all over Europe are heading towards the targets of quality, equilibrium and security without leaving out solidarity. These are all the objectives that are at the heart of the AEIP activities.

AEIP is open to support the organisation of a series of conferences in those countries where paritarian institutions are not yet developed. This is a model that needs to be promoted, since according to us, it represents a perfect balance between the interests of workers and those of companies.



Ministry of Labour and Social Policy

