

The Cooperation and Collective Bargaining System within the Public Sector in Denmark

The Danish Tradition for Collective Bargaining

Denmark was the first European country to recognize trade unions. The starting point for the modern Danish industrial relations system is the so-called September Agreement from 1899. After a major, long-lasting industrial conflict the employers and workers agreed on a more formalized cooperation based on mutual recognition and a pre-conditional understanding that this was to the benefit of both sides. In essence, the basic rules that were adopted in 1899 still apply.

Industrial relations in Denmark are based on three principles:

- the labour court
- collective agreements
- individual contracts.

The Size of the Public Sector

The public sector in Denmark makes up more than 1/3 of the total labour market. As in most other western European countries the public sector has been growing for most of this century, from about 8 % in 1920 to about 39 % of the total labour force today (2004). The growth, primarily in the form of schools, hospitals, old people's homes, nurseries and kindergartens etc., is linked to the very marked increase in the number of women who are economically active. This development was especially significant in the decades after the Second World War when the modern welfare state was being constructed.

During the last 15 years the growth of the public sector has slowed down considerably. Today the predominant tendency is to stabilize the total

size of the public sector. At the same time the sector has been – and still is – subject to important changes.

The latest change, which is currently on-going, is a major structural reform whereby tasks are being transferred from the regional level to the municipal level (i.e. further decentralisation) as well as to the state level (i.e. re-centralisation).

Employment Forms in the Public Sector: Statutory Civil Servants and Contractual Staff

The public sector traditionally distinguishes between two groups of employees, statutory civil servants and contractual staff.

The most important differences between the two groups are that civil servants have a statutory pension scheme, are not allowed to take industrial action, and are entitled to 3 years' salary in case of redundancy. Civil servants' basic employment conditions and pension schemes are regulated by statutes. But their working conditions and wages are subject to negotiations between the employers and trade unions as is the case for contractual staff.

In Denmark, statutory civil servants have the right to organise, and all civil servants – including civil servants in the police and armed forces – are fully covered by the Agreement on Cooperation and Cooperation Committees.

The proportion of civil servants is markedly higher in central government than in local government where they only constitute 11 %. The proportion of civil servants in the state sector has however been reduced quite dramatically over the last few years, from 44 % in 1996 to 35,3 % in 2004. This is due to a deliberate down winding of the statutory civil servant system. In future, the civil servant groups will be limited to the “men and women in uniform” (e.g. policemen, military personnel, prison staff and priests) and civil servants at the highest levels. This development has led to greater conformity between the public and the private labour markets and to a number of union mergers.

Table 1. Number of employees (full-time positions) in the public sector distributed over employment forms and territorial level

	Statutory civil servants or employees with similar service regulations	Contractual staff	Total
State ¹	55,266	101,428	156,694
Counties and municipalities ²	59,700	478,039	537,739
Total	114,966	579,467	694,433

The Cooperation and Bargaining System

The public sector in Denmark is characterized by a comprehensive cooperation and collective bargaining system recognized by both sides. There is no tradition for major industrial conflicts in connection with the renewal of collective agreements or in the periods in between. Employers and trade unions usually come to an understanding.

The Danish system of collective bargaining is based on voluntarism.

It is underpinned by basic agreements concluded by the social partners in the different sectors, which stipulate mutual recognition and enjoin the social partners to resolve cases of conflicting interests by concluding collective agreements. This means a) that the trade unions recognize the employers' management prerogative (i.e. the right to manage and allocate work), while respecting currently valid collective agreements and the spirit of co-operation, and b) that the employers respect the right of employees to organise and to establish collective representation.

Separate rules have been drawn up for the procedures for concluding collective agreements and for the scope and mode of use of collective industrial action. The rules impose a peace obligation, which prevents

¹ 2004, 3rd quarter

² 2004

the social partners – in ordinary circumstances – from resorting to hostile action during the period of validity of the collective agreements.

The public sector in Denmark is also characterized by a high level of unionisation (90 – 95 %). It should be noted, that collective agreements apply to all public employees, union members and non-union members alike (i.e. the principle of *erga omnes*), and that they have direct effect (i.e. do not have to go through any governmental or parliamentary procedure).

At the work place level, cooperation committees and shop stewards play an increasingly important role. This is connected with the tendency to conclude framework agreements at the central level, leaving the conclusion of more specific complementary agreements to the local actors, with the introduction of new forms of remuneration and with the development of personnel policies, particularly in the field of competence development.

There are, in principle, no limits as to the scope of collective bargaining issues. Agreements cover issues such as wages, working time, holidays, works councils, shop stewards, competence development, maternity and paternity leave, child care days, voluntary retirement and schemes for senior workers, pension schemes and group life insurance, non-discrimination, and a so-called social chapter (which provides the basis for creating special jobs for employees with health or social problems with a view to prevent exclusion from the labour market).

There are separate collective bargaining systems for central government and local government respectively. However co-ordination takes place between the trade unions as well as between the public employers.

The organisational structure

The organisational structure in the public sector reflects the organisational structure at the national level. In Denmark there are three trade union confederations, all of which are affiliated to the ETUC. The

basis of this grouping is partly professional and partly political. The three national confederations are:

- AC (the Confederation of Professional Associations), which organises professional and managerial staff graduated from universities and other higher educational institutions.
- FTF (the Joint Council of Salaried Employees and Civil Servants), which organises salaried employees and civil servants. FTF is a non-political organisation.
- LO (the Danish TUC), which organises salaried employees and civil servants as well as skilled and unskilled workers. Historically, LO has had close links with the Danish Social Democratic Party. In February 2003 however, an extraordinary LO Congress adopted a new set of basic values and a new decision-making structure aimed at creating a 'New LO', which included an end to financial support for the Social Democratic Party.

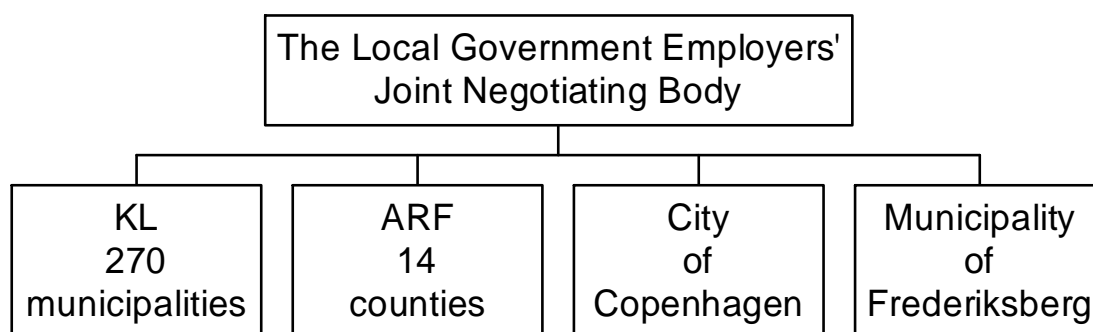
The Social Partners in Local Government

The municipalities are by far the largest employer in Denmark.

There are 4 local government employers: Local Government Denmark (KL), which represents the 270 municipalities, Danish Regions (ARF), which represents the 14 counties, the City of Copenhagen and the Municipality of Frederiksberg. Following the implementation of the structural reform on 1 January 2007 the number of municipalities will be reduced to 99 and the counties replaced by 5 new regions.

For the purpose of collective bargaining the 4 local government employers have formed a joint negotiating body.

Table 2. The local government employers



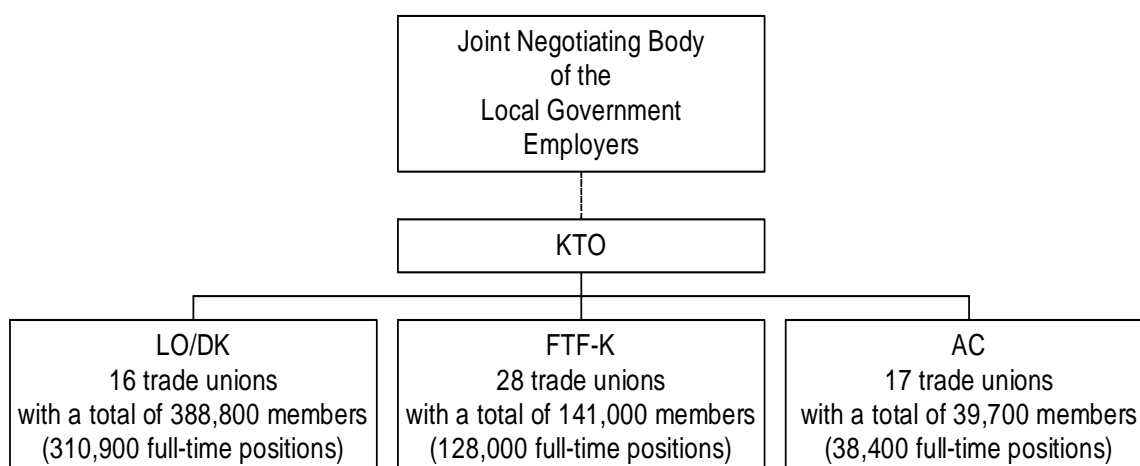
The trade unions which organise employees in local government are affiliated to three different confederations: The Danish Trade Union Confederation (LO), The Joint Council of Salaried Employees and Civil Servants (FTF) and The Confederation of Professional Associations (AC). Some of these unions organise public employees exclusively (e.g. the Danish Trade Union of Public Employees, FOA, and the Danish Teachers' Organisation, DLF), whereas others organise both public and private employees (e.g. the Metal Workers' Union and The Danish Association of Lawyers and Economists, DJØF).

The LO affiliated unions which organise employees in the municipalities and counties are also affiliated to the Danish Confederation of Municipal Employees (DKK). Likewise, the FTF unions organising employees in the municipalities and counties are affiliated to FTF-K, which is the municipal branch division of FTF.

For the purpose of collective bargaining all the trade unions which organise employees in local government have set up a joint negotiating body: The Association of Local Government Employees' Organisations (KTO).

At the end of 2003, 10 unions in the health sector left KTO and set-up their own collective bargaining structure: the Health Cartel. As a result KTO experienced a loss of members equivalent to approximately 58.800 full-time positions. This also explains the differences between the figures in table 1 and table 3.

Table 3. Collective bargaining in local government



Collective Bargaining in Local Government

Collective bargaining covering employees in municipalities and counties takes place between KTO and the joint negotiating body of the local government employers.

Within the framework and general agreements concluded by KTO and the employers, the individual trade unions negotiate more specific and detailed conditions.

In recent years local influence on wages and working conditions has been increasing. New methods of management have been introduced and differentiation of wages has been developed with the objective of increasing efficiency and productivity.

At central level framework agreements are concluded within more and more areas with a view to complementary agreements being concluded at the local level. Local agreements are concluded by the local branches of the national trade unions which are recognized by the employers. Local agreements can cover issues such as local level pay, working time, seniority policy etc. Apart from this negotiations can be initiated at the local level on issues such as working conditions, job rotation and training, staffing, budgets, competitive tendering and personnel policy.

The Social Partners in the State Sector

A special agency under the Ministry of Finance, the State Employer's Authority, carries out the function of central government employer. The State Employer's Authority is affiliated to the CEEP.

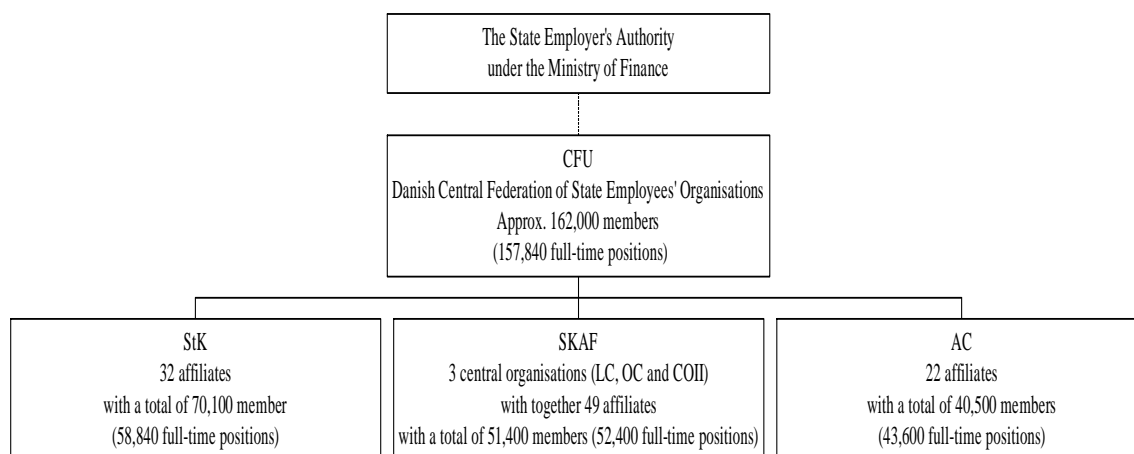
There are three central organisations in the Danish state sector. Together they form the Danish Central Federation of State Employees (CFU), which is the main counterpart to the Ministry of Finance at the bargaining table. The three organisations are:

- StK (the Association of Danish State Employees' Organisations)
StK organises trade unions which for the most part are affiliated to LO³ and is part of the LO structure. StK is affiliated to EPSU.
- SKAF (the Collective Negotiation Secretariat of Central and Local Government Employees)
Trade unions affiliated to FTF⁴ are organised in three different central organisations (LC, OC and COII) which have set-up this joint structure for the purpose of collective bargaining. COII is affiliated to EPSU.
- AC (the Confederation of Professional Associations)
AC is both a central federation and a confederation. AC takes part in CFU negotiations on behalf of its statutory civil servant members, and negotiates directly with the Ministry of Finance on behalf of its other members. Usually, the CFU agreements are extended to the rest of the AC members. DJØF, the Association of Danish Lawyers and Economists, represents AC in EPSU.

³ The Danish Trade Union Confederation.

⁴ The Joint Council of Salaried Employees and Civil Servants

Table 4. Collective bargaining in the state sector⁵



Collective Bargaining in the State Sector

The main agreement for statutory civil servants is concluded by the Ministry of Finance, represented by the State Employer's Authority, and CFU, whereas the main agreement for contractual staff is concluded by the Ministry of Finance and each of the 3 central organisations (StK, SKAF and AC), who together form CFU.

Main agreements with other central government employers are concluded by the central organisations or their affiliated trade unions.

In addition, specific union agreements (which cover the members of a specific trade union and mainly regard wages and working time) are

⁵ This table is based on figures from 2004, 3rd quarter.

In 2004, the total number of employees in the state sector (including the postal sector and the whole of the railway sector) was 183,729. But as the postal sector and parts of the railway sector are not covered by the CFU collective agreement, members/employees in these sectors have been withdrawn from the membership/employment figures.

As the CFU agreement is normally extended to all AC's members, we have listed AC's total membership/employment in the state sector (apart from the above-mentioned excluded sectors). AC's civil servants, who are directly covered by the CFU agreement, total 13,900 (12,600 full-time positions).

concluded by the Ministry of Finance or the individual state institution/company and the individual trade union.

Finally, local agreements are concluded by the local branches of state institutions/companies and the shop stewards (i.e. at the work place level).