

# SA and SGS Collective Bargaining Agreement

1 February 2024 to 31 January 2028



SGS  
Starfsgreinasamband Íslands

# Main objectives of agreement

- I. Bringing down inflation with a concerted effort of the trade union movement, employers, the state, municipalities and other parties, and that interest rates will quickly follow suit.
  - Agreement reached on modest wage increases.
  - Companies lower their profit requirements and reduce their mark-up
  - Moderate increases in state and municipality taxes.
  - Reduction in mortgage payments hand-in-hand with lower prices.
  - All parties need to participate and make their contribution.
- II. Revival of public transfer systems for working people.
  - Child benefits, interest subsidies and rent benefits.
  - Other improvements in welfare.
- Robust safeguards clauses protect wage earners, if the agreement's objectives are not achieved.

# Agreement duration and time line

- Long-term agreement for four years, in force from 1 February 2024 until 31 January 2028.
- Wage increases come into effect on four dates at one-year intervals during the term of the agreement.

# Wage increases

- Increases are in the form of mixed measures, in IKR or percentage

1 February 2024	1 January 2025	1 January 2026	1 January 2027
3.25%, though minimum of ISK 23,750	3.5%, though minimum of ISK 23,750	3.5%, though minimum of ISK 23,750	3.5%, though minimum of ISK 23,750

- At SGS, an IKR increase is added to a starter in the lowest pay scale; all steps between pay scales and length of service increments remain unchanged.
- A starter increases by about ISK 95,000 during the period of the agreement, which represents about 23.6% increase.
- The average increase in the SGS table is ISK 100,659, which is about 23.6%.
- Other items related to terms of employment are subject to general increases in the collective agreement, unless agreed otherwise.

# Personal bonus 2024-2027

<b>Year</b>	<b>Holiday pay bonus</b>	<b>December bonus</b>
<b>2024</b>	58,000	106,000
<b>2,025</b>	60,000	110,000
<b>2,026</b>	62,000	114,000
<b>2,027</b>	64,000	118,000

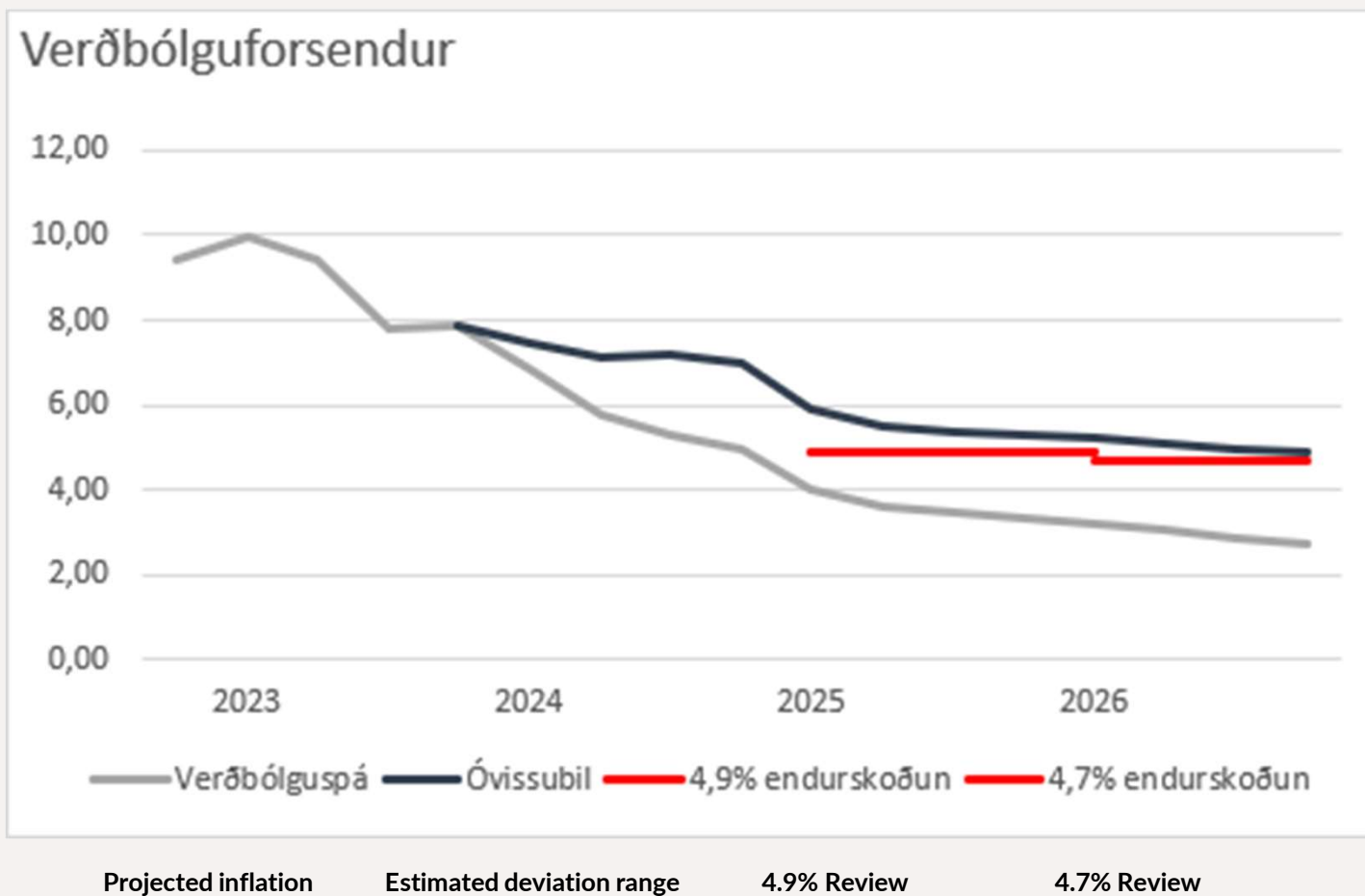
# Wages and criteria committee

- The agreement depends entirely on whether the objective of reduction in inflation is achieved, which in turn is a pre-requisite for reduction in interest rates.
- In order to strengthen the underlying criteria and objectives of the agreement, a special **wages and criteria committee** will operate. The committee shall comprise four representatives nominated by SA and four nominated by the negotiating committees of the unions affiliated to ASI responsible for creating the joint criteria for the agreement.
- The objective of the committee is to monitor progress in those elements in the country's economy that can have an impact on the objectives of the agreement; to make a formal evaluation of agreement criteria and as appropriate to agree on reactions to failure to meet criteria, which strengthen agreement criteria and support that it remains in force.

# Criteria on inflation

- Moderate pay increases create flexibility for rapid price reductions by companies and service providers and for a drop in interest rates, side-by-side with price reductions. If the objective for reduction in price levels is not achieved, the safeguard clause in the agreement is activated in September 2025 and in September 2026.
- If the 12 month inflation figure in August 2025 has not dropped below 4.95%, or if the government has not kept its promises according to its declaration, it is authorised to terminate the agreement such that it will no longer be in force on 31 October 2025.
  - The criterion on prices will however be considered to have been met if the 6 month inflation figure for the period March-August 2025 is 4.7% or lower on the basis of annual rate.
- If the 12 month inflation figure in August 2026 has not dropped below 4.7%, it is authorised to terminate the agreement such that it will no longer be in force on 31 October 2026.
  - The criterion on prices will however be considered to have been met if the 6 month inflation figure for the period March-August 2026 is 4.4% or lower on the basis of annual rate.

# Criteria on inflation





## Pay scale bonus - protection against wage growth

- If the collective agreement remains in force, then the wages and criteria committee shall in March 2025, 2026 and 2027, prescribe a special pay scale bonus, if the Statistics Iceland wage index for the general labour market sure that wages have increased in excess of the increase in the lowest pay scales.
- The proportional increase in that index shall be compared to the proportional increase in collective agreements for SGS/Efling for the same period.
- The pay scale bonuses calculated as a proportion of excess increase of the above specified pay scales, where the minimum pay scales or parties to the agreement increased by that proportion, from and including 1 April each year.
  - a) In March 2025, account shall be taken of the period November 2023-November 2024
  - b) In March 2026, account shall be taken of the period November 2024-November 2025
  - c) In March 2027, account shall be taken of the period November 2025-November 2026

# A productivity bonus guarantees wage earners a share in increased productivity.

- The collective agreement allows for productivity growth being 2% on average per annum during the term of the agreement.
- If productivity increases more than this, wage earners receive a share of this value increase in the form of a special productivity bonus, to the amount that an increase in wages that has not already been given by the economic sector in accordance with increasing productivity.
- The wages and criteria committee decides the productivity bonus, should there be reason to pay this.
- Productivity bonus can be payable in accordance with the accompanying table on the following dates:
  - **1 April 2026 for productivity 2025**
  - **1 April 2027 for productivity 2026**

<b>Productivity</b>	<b>Productivity bonus</b>
>2.0%	0.35%
>2.5%	0.70%
>3.0%	1.05%



# Government contribution Housing and housing support

- **Vigorous housing development**
  - Targeted development will be continued in the general housing system with public support for supply of housing through initial contributions and affiliate loans to strengthen housing security to assure manageable housing costs for low income families.
  - Support will be provided for building up to 1,000 apartments per annum; income threshold for affiliate loans will be increased by 8.2% from 1 April 2024#.
- **Increased housing supply**
  - Supply of building plots will be improved, administration simplified and involvement of pension funds in development of rental accommodation will be facilitated.
  - There will be increased offer of housing and an increase in affordable apartments, along with increased involvement of pension funds in housing investments.
  - Initial contributions and affiliate loans guaranteed during the term of the agreement for building 1000 apartments per annum.
  - Income threshold for affiliate loans for first-time buyers increased by 8.2% on 1 April 2024.

# Government contribution Housing and housing support

- **Special interest-rate support** because of high interest costs
  - 5-7 billion during 2024
  - Paid into principal, unless people request otherwise
  - Recipients: 50,000 individuals, particularly in low and medium income household groups
- **Housing benefits**
  - Housing benefit system strengthened.
  - Base amounts and asset limitation threshold increased from 1 June 2024
  - Contributions increased by about ISK 2.5 billion
  - Special addition intended to provide better support for larger families
  - Improvements in law for tenants through amendments to the Rental Dwellings Act, a clear framework for deciding rent amounts and predictability in changes to rent amount.
  - A promotional campaign will be launched on rights and obligations on the rental market, advice and provision of information for tenants increased in cooperation with Tenant Assistance.

## Government contribution - Families with children

- Child benefits - objective to increase recipients of child benefits and that the limitation threshold be increased towards median earnings
  - Support increased by ISK 3 billion in 2024 and by additional ISK 2 billion in 2025
  - Basic amounts increased
  - Limitation proportion reduced
  - Limitation threshold increased
- Maternal/paternal leave - Maximum increased from ISK 600 thousand to ISK 900 thousand during the period in three steps
  - 1 April 2024 - 700 thousand
  - 1 January 2025 - 800 thousand
  - 1 January 2026 - 900 thousand
- Bridge the gap - During term of agreement, the aim is to bridge the gap between maternal/paternal leave and preschool

## **Government contribution Families with children**

- **Free school meals -**

- A method shall be developed for free school meals in statutory education, from August 2024 until the end of the term of the agreement
- The estimated cost for parents today is ISK 5 billion, where the state funds 75%
- The state and municipalities will elaborate this cooperatively before the end of May 2024
- An independent party will be appointed to assess project progress in the spring of 2026

# Government contribution Gains from housing benefits and child benefits

- Single individual, without children

Income	Housing benefits			Child benefits		
	Before	After	Change	Before	After	Change
500,000	37,798	47,957	10,159	0	0	0
750,000	10,298	20,457	10,159	0	0	0
1,000,000	0	0	0	0	0	0

- Single parent with two children, one of which younger than 7

Income	Housing benefits			Child benefits		
	Before	After	Change	Before	After	Change
500,000	62,916	78,645	15,729	78,275	89,000	10,725
750,000	61,188	76,917	15,729	59,554	69,833	10,279
1,000,000	33,688	49,417	15,729	47,054	59,833	12,779

- Couple with two children, one of which younger than 7

Income	Housing benefits			Child benefits		
	Before	After	Change	Before	After	Change
750,000	68,159	85,199	17,040	62,500	65,500	3,000
1,000,000	45,662	62,702	17,040	44,042	58,833	14,792
1,500,000	0	7,702	7,702	17,438	31,333	13,896
2,000,000	0	0	0	0	11,333	11,333



# Government contribution - Other elements

- **Government tariffs** - The state undertakes to refrain from increasing tariffs in excess of 2.5% in the year 2025. Recommendation to municipalities to review previously issued increases in tariff and to keep them within 3.5% for families with children.
- **Wages Guarantee Fund** - Maximum guarantee linked to price index and wages development, increases in three phases to 970 thousand at the end of the term of the agreement.
- **Costs for accessing health service in the countryside** - Journeys increased to four per annum.
- **Workplace education fund** - Additional funding in the fund, ISK 150 million
- **Student education fund** - Amendments made to law in order to reduce burden of interest and to limit unforeseen increases.
- **Valuing jobs** - Gender-based pay difference still exists, which can be explained in particular by gender segregated labour market and by underestimation of traditional women's jobs. Work will be continued, a system for valuing jobs will be introduced in phases and will be established at the end of 2026.

# Other issues in the agreement

## Correction of wages in cleaning

- **Ranking of jobs in table**
  - Increase by 2 pay scales. Cleaning will be ranked in pay scale 8, which was previously in pay scale 6.
- **Additional wages**
  - A cleaning bonus will be paid from 1 August 2024.
  - Special monthly payment of ISK 19,500 plus holiday rights
- **Definitions:**
  - In a new article, 22.1.2.5, the arrangements for cleaning in time measured piecework is more precisely defined, and the intention is that wage earners receive 20% weighting which should accompany such a working arrangements.
- **Auction issues**
  - Working group formed whose task is to analyse the situation in auctions for cleaning and to elaborate desirable auction methods, and to meet with main parties involved in auctions of cleaning service, in order to ensure that auctions increasingly take into account competence and quality.
  - Meetings with main parties involved in auctions shall be completed on 1 October 2024.

# Other issues in the agreement

## Correction of wages in cleaning

	Immediate increase in pay scale	Pay scale 2 from 1 February	Cleaning bonus from 1 August	Total
Starting wages	ISK 24,026.	ISK 5,013.	ISK 19,500.	ISK 455,454.
After 1 year service in sector	ISK 24,267.	ISK 5,064.	ISK 19,500.	ISK 459,814.
After 3 years' service in sector	ISK 24,631.	ISK 5,139.	ISK 19,500.	ISK 466,418.
After 5 years' in same company	ISK 25,123.	ISK 5,242.	ISK 19,500.	ISK 475,357.

	Monthly salary before	Monthly salary from 1 August	Increase ISK	Increase %
Starting wages	ISK 406,914.	ISK 455,454.	ISK 48,540.	11.9%
After 1 year service in sector	ISK 410,984.	ISK 459,814.	ISK 48,830.	11.9%
After 3 years' service in sector	ISK 417,148.	ISK 466,418.	ISK 49,270.	11.8%
After 5 years' in same company	ISK 425,491.	ISK 475,357.	ISK 49,865.	11.7%

# Other issues in the agreement

## Catering agreement

- Workers in hotels and restaurants increased by 1 pay scale
  - General workers from pay scale 5 to pay scale 6
  - Specially trained from pay scale 6 to pay scale 7
- Against this, it is authorised to pay shift weighting until full working hours completed. Overtime pay after full working hours completed.
- In chapter 5 in the company-specific part, authority is increased to negotiate on taking up fixed premium, given endorsement by the union and workers
- Unions have full access to discussions on such premium and access to all data used as grounds when calculating a fixed premium.

# Other issues in the agreement

## Fish processing chapter

- Various kinds of adjustments, the main issue is this:

### Article 18.4.5.1 is worded as follows

- Fish processing workers that have completed a fish processing course move to pay scale 9.
- If a worker is not offered the course within 11 months after the coming into force of the guaranteed pay rights, workers shall nevertheless be entitled to the increase.
- If a worker subsequently attends a fish processing course, who was already received the increase, he does not receive further increases for the fish processing course.
- If a worker refuses to attend the course, the increase is cancelled.



# Other issues in the agreement

## New competency-based pay system

- Framework agreement on new competence-based pay system in chapter 5 in the company-specific part
- Amendments to articles 1.1.3 and 1.1.4 with reference to the competence-based pay system
- In the new competence-based system it is authorised to assess competence as a basis for pay
- When all competence requirements of the job are achieved, competencies endorsed with a professional certificate for the relevant job, which is issued by the Training Service Centre (FA/ETSC)
- The point of departure is to create a basis for remuneration policy that relates to the nature of the job and the competence of the worker, regardless of the job titles - which are not included in the system.

# **Other issues in the agreement**

## **New competence-based pay system - protocol and implementation plan**

### **Protocol on new competency-based pay system [2024]**

Parties agree on appointing a group (two representatives from SA and two from SGS) that meet a minimum of four times per annum to monitor progress of the implementation plan and to assess the status of the project in a regular manner in cooperation with the Training Service Centre.

### **Implementation plan**

Parties agreed to increase job profiles in consultation with Training Service Centre, where competence requirements of the job are identified with competence analysis, assessment check lists for jobs, and competence is subsequently endorsed with the issue of professional certificates

Parties agree to make promotional material and guidance for companies and workers about the new competence-based pay system. Parties work together on making promotional material in cooperation with Training Service Centre.

# Other issues in the agreement

## Increased holiday rights and changes to holiday rights accruelement

- From and including 1 May 2024, accruelement of holiday rights, i.e. holiday rights to be used in the holiday year that commences 1 May 2025.
  - After 22 years of age and 6 months' service in the company, holiday rights are 25 days and holiday pay is 10.64%.
  - After 5 years' service in the company, holiday rights are 26 days and holiday pay is 11.11%.
- From and including 1 May 2025, accruelement of holiday rights, i.e. holiday rights to be used in the holiday year that commences 1 May 2026.
  - After 5 years' service in the company, holiday rights are 28 days and holiday pay is 12.07%.

Older arrangement:

Accruelement from 1 May 2024:

Accruelement from 1 May 2025:

Holiday days	Holiday pay	How accrued?	Holiday days	Holiday pay	How accrued?	Holiday days	Holiday pay	How accrued?
24	10.17%	Minimum holiday	24	10.17%	Minimum holiday for starters	24	10.17%	Minimum holiday for starters
25	10.64%	5 years in company/10 years in sector	25	10.64%	22 years of age and 6 months' service	25	10.64%	22 years of age and 6 months' service
30	13.04%	10 years with same company	26	11.11%	5 years in company	28	12.07%	5 years in company
			30	13.04%	10 years with same company	30	13.04%	10 years with same company



# Other issues in agreement that relate to SGS

- Article 3.4.2 - Food allowance subject to special increases:
  - Amount ISK 2,178 becomes ISK 3,000
  - Amount ISK 4,547 becomes ISK 6,000
  - Amount ISK 6,325 becomes ISK 9,000
- Article 5.11 - Improvements on the chapter on reduction of working hours During the term of the agreement there will be purposeful action to increase the number of agreements made according to this chapter.
- New article 7.6 - Issues raised on health and safety at the workplace (8.7 in the service agreement)
  - According to the provisions of the article, the employer is unauthorised to allow a worker who has submitted a comment on health or safety at the workplace to suffer in their work for having raised such a matter. The employer is furthermore obliged to react and inform the worker about progress in the case.

# Other issues in agreement that relate to SGS

- Chapter 13 On union representatives strengthened
  - Is authorised to elect three representatives where there are more than 120 employed.
  - An agreement shall be made about the time that a representative has to perform his duties.
  - The rights of a representative to attend courses is increased and shift workers are better insured against loss of wages resulting from attending a course.
- 17.8 On PCV drivers
  - Working hours of a driver while travelling are not considered to be completed before he has arrived at the dwelling decided by the employer.
- Authority of surveillance representative
  - Authority of representatives in workplace surveillance now cover companies in cleaning and fish processing.
- Protocol on impact of lack of action:
  - If a worker's terms of employment, as a whole, are less favourable than minimum terms of employment pursuant to a collective agreement, then his claim for remedy, should it have been made during employment or within six months from the termination of employment, shall not become void due to lack of action but rather shall lapse pursuant to general rules.

# Gains from drop in interest rates

## Non-indexed loans - equal repayments

- On signing an agreement, key interest rate is 9.25%
- Lowering interest rate in step with lower prices provides significant gains for borrowers.

Loan amount	Lowering interest	Gain per month	Comparable "wage increase"	Comparable annual income
25,000,000	1%	20,833	33,560	402,720
	1.50%	31,250	50,350	604,200
	2%	41,667	67,130	805,560
	2.50%	52,083	83,910	1,006,920

Loan amount	Lowering interest	Gain per month	Comparable "wage increase"	Comparable annual income
33,000,000	1%	27,500	44,300	531,600
	1.50%	41,250	66,460	797,520
	2%	55,000	88,600	1,063,200
	2.50%	68,750	110,760	1,329,120

Loan amount	Lowering interest	Gain per month	Comparable "wage increase"	Comparable annual income
40,000,000	1%	33,333	53,706	644,472
	1.50%	50,000	80,559	966,708
	2%	66,667	107,413	1,288,956
	2.50%	83,333	134,265	1,611,180

Loan amount	Lowering interest	Gain per month	Comparable "wage increase"	Comparable annual income
60,000,000	1%	50,000	80,560	966,720
	1.50%	75,000	120,840	1,450,080
	2%	100,000	161,120	1,933,440
	2.50%	125,000	201,400	2,416,800

# Gain from drop in inflation

- On signing an agreement, inflation is 6.6%.
- A drop in inflation represents a significant gain for borrowers of indexed loans.

Loan amount	Inflation	Gain per month	Comparable "wage increase"	Comparable annual income
<b>25,000,000</b>	6%	12,500	20,140	241,680
	5%	33,333	53,706	644,472
	4%	54,167	87,273	1,047,276
	3%	75,000	120,839	1,450,068

Loan amount	Inflation	Gain per month	Comparable "wage increase"	Comparable annual income
<b>33,000,000</b>	6%	16,500	26,585	319,020
	5%	44,000	70,892	850,704
	4%	71,500	115,200	1,382,400
	3%	99,000	159,508	1,914,096

Loan amount	Inflation	Gain per month	Comparable "wage increase"	Comparable annual income
<b>40,000,000</b>	6%	20,000	32,224	386,688
	5%	53,333	85,929	1,031,148
	4%	86,667	139,637	1,675,644
	3%	120,000	193,343	2,320,116

Loan amount	Inflation	Gain per month	Comparable "wage increase"	Comparable annual income
<b>60,000,000</b>	6%	30,000	48,336	580,032
	5%	80,000	128,895	1,546,740
	4%	130,000	209,454	2,513,448
	3%	180,000	290,014	3,480,168