



ROUND TABLE

The TRUST Project: Transparency for sustainable social policy

Project leader

The Bulgarian Chamber of Commerce and Industry

Partner

The NHO Confederation of Norwegian Enterprise

Analytical results from the Project

1. Regulatory framework, transparency and publicity of tripartite dialogue at the national level in Bulgaria

2. Collective bargaining in Bulgaria: scope, development, good practice

1. Effects of the dynamics of minimum social insurance thresholds on the labour market

Period of study: 2007 to 2012

1. Tripartite dialogue in the truck removals and miscellaneous overland passenger transport sectors: practice, difficulties, recommendations

1. Tripartite dialogue in the ready to wear sector between 2008 and 2013

1. Tripartite dialogue in the truck removals and miscellaneous overland passenger transport sectors: practice, difficulties, recommendations

Tripartite dialogue at the national level

Since institution in 1992, great
development and progress, yet also
weaknesses, especially as regards
transparency and publicity



Weaknesses: 1

- Intentional actions to exclude a set employer organisation through changing representation criteria
- No statutory requirement to publish information on the performance of tripartite cooperation
- No proposal effect assessment, hence possible negative impact on public policy formulation

Recommendations: 1

- Ending the harmful practice of intentional seclusion by government of large social partners from social dialogue
- Publishing current drafts of statutes being debated at the National Tripartite Cooperation Council
- Introducing effect assessment for all statutory instruments and proposals tabled for debate by the social partners

Weaknesses: 2

- The lack of annual plans and reports greatly hinders performance and progress accountability**
- No public access to social partners' proposals and debating positions might lead to the wrong conclusions about the need for tripartite cooperation and its benefits**

Recommendations: 2

- Launching a website with up to date information on tripartite cooperation: forthcoming and past meetings, minutes of meetings, contents of statutory instruments debated with effect assessments and other detail.**
- Making the business of tripartite cooperation, its organisation and bodies more transparent**
- Injecting transparency into the sessions of tripartite cooperation bodies**



Collective bargaining

Unclear statutory provisions and no publicity for the business of sectoral councils

Issues and problems: 1

- Making the outcomes of collective bargaining mandatory changes the nature of collective bargaining by imposing contracts on parties who have not participated in their formulation. The unreasonable imposition of collective bargaining contracts creates conditions for unfair competition
- Which organisations are nationally representative of their sectors?

Recommendations: 1

- Making collective bargaining contracts mandatory only for employers who are members of sectoral or industry bodies which are parties to such contracts or who expressly wish to opt-in
- Reforming the KT Labour Code Article 3B Paragraph 3 to include sectoral and industry employer organisation representativeness criteria and mandate national organisation membership as also provisioned by KT Article 35 Paragraph 1 Item 2

Issues and problems: 2

- Just what do industry or sector mean?
- No guidelines on how businesses which are also active in industries beyond those covered by a collective bargaining agreement should implement such agreements.
- No assessment of the effects of industry-wide collective bargaining agreements.

Recommendations: 2

- Adopting statutory definitions of the concepts of industry and sector.
- Issuing guidelines on how businesses which trade both in industries not covered by collective bargaining agreements and in ones covered by such agreements should implement them.
- Introducing mandatory periodic assessments of the effects of industry-wide collective bargaining agreements, taking into accounts the specifics of individual industries and sectors.



Social insurance thresholds

The effectiveness of social security thresholds in the fight against the grey economy should be assessed before opting to retain, change or abolish them.

Issues and problems: 1

- No statutory procedure for social security thresholds.**

Предложения за решаване (1)

- Setting a statutory procedure for determining social security thresholds comprising: adherence to agreements between industry and sectoral bodies, and business indicators and criteria for government-set social security thresholds for industries and sectors where no agreements are reached.**

Issues and problems: 2

- Just what do industry or sector mean?
- Which trade organisations are nationally representative?
- No analyses of the effects of changing social security thresholds on overall business and on individual qualifying groups are either required or produced

Recommendations: 2

- Adopting statutory definitions of the concepts of industry and sector
- Reforming the KT Labour Code Article 3B Paragraph 3 to include sectoral and industry employer organisation representativeness criteria and mandate national organisation membership as also provisioned by KT Article 35 Paragraph 1 Item 2
- Regular analyses of the effect of negotiated social security thresholds

Business aspects of tripartite cooperation in:

**Lorry removals and transport,
miscellaneous overland transport**

Ready to wear

Bread and pastries



Lorry removals and transport, miscellaneous overland transport

- In 2012, the sector employed somewhat more than 75,000 people or 3.6 per cent more than in 2005
- The number of jobs fell only between 2009 and 2010, probably due to national falls in economic activity, picking up after that
- In most years and qualification groups, the greatest annual social insurance rises also relate to job losses in relevant qualification groups. This is most evident, though with a year's lag, in the social insurance threshold rise in 2008 and 2009
- **Between 2008 and 2009, social insurance thresholds rose by 55.5 to 75 per cent, while job numbers between 2009 and 2010 fell by between 4.5 and 12.2 per cent across qualification groups except management, where they rose by 4.3 per cent.**

Ready to wear

- Bulgarian manufacturing's largest employer, with over 100,000 employees in 2012
- Tripartite cooperation in the sector has encountered great difficulties over the past year or two, with no sectoral collective agreement signed at the moment. No social insurance thresholds were negotiated for 2014, 2013 levels remaining in force
- The tripartite dialogue is hindered by issues of representation and the absence of working bargaining arrangements
- Social insurance thresholds rose drastically in 2009 and 2013. The 2009 rise led to a drastic rise in the share of workers insured at or near the minimum, this share reaching 30 per cent in 2010 and remaining there until 2012. This meant that every third employee was automatically subject to any change in the social insurance threshold. Sectoral turnover began to recover in 2010 while job numbers continue to contract along with the number of socially insured employees



Bread and pastries

- The sector has borne the impact of both the world financial and economic crisis and changing consumer habits. Jobs have contracted by over 10 per cent, mostly at the expense of low qualified and qualified workers. The number of jobs in sales has risen
- Business analyses show that social insurance threshold rises boost pay, while cutting the number of jobs and hours worked, especially against the background of poor trading in the sector in recent years



Thank you for your attention

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