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A LABOUR REFORM AGREED TO IMPROVE CONDITIONS FOR WORKING PEOPLE

After more than nine months of negotiations, on 22 December an agreement on labour matters was reached that repeals those central aspects of the 2012 labour reform introduced by the Popular Party which have had a greater impact on the devaluation of labour rights and above all of wages in our country.

Unai Sordo, secretary general of CCOO, said that the agreement to repeal the labour reform is "unprecedented and very ambitious". "It is the first agreement in more than 20 years of clear recovery and clear improvement in the labour rights of the working class", he stressed.

For the secretary general, this agreement is "very ambitious", as it tackles the set of issues that in the last labour reforms had been "deregulated and made very precarious in a very significant way".

In fact, he pointed out that it tackles everything from matters relating to hiring to the balance of power in collective bargaining, as well as alternatives to dismissals so

that these "cease to be the first option companies turn to at the slightest economic problem".

"This profound labour reform consolidates a clear change of trend in labour regulation and legislation, which we have been advocating for the last two years", he stressed. Furthermore, Unai Sordo believes that if this reform manages to stabilise employment and drastically reduce temporary employment, it will be a "great step forward, not only to improve the quality of employment, but above all, to improve the bargaining power of workers".

On the other hand, he stressed that the balance of collective bargaining is "absolutely key". "In the 2012 reform, the survival of collective agreements was called into question, and if an agreement was not reached, it could disappear", he recalled, after stating that now, thanks to this agreement, the ultra-activity of collective agreements has been recovered. We have definitively reversed this rule. There will no longer be company agreements below the sectoral agreements", he celebrated.

In his opinion, this agreement contains "a very broad package of measures" that will have to unfold its full effects in the coming quarters, improving employment stability, recovering the bargaining power of working people in collective bargaining agreements and offering alternatives to redundancies. In short, "empowering working people after 20 uninterrupted years of harmful reforms".

For the first time a labour reform recovers rights that have been curtailed in previous reforms and underpins changes in the labour model that CCOO has been calling for.

HOW DOES IT AFFECT COLLECTIVE BARGAINING?

- **The ultra-activity of collective agreements is restored**, so that agreements that have reached the end of their validity are extended until they are replaced by new ones. This avoids, on the one hand, having to negotiate under the pressure that failure to reach an agreement means that the agreement is lost and, on the other hand, it prevents the disappearance of the rights achieved throughout the life of the collective agreement.
- **The sectoral agreement once again takes precedence**, so that company agreements can only negotiate conditions that improve on what is contained in the sectoral agreement.
- **A sectoral agreement is established for those working on contracts and subcontracts**, so that there are no workers without an applicable agreement, as was the case until now.

The combination of these measures is crucial to avoid the decline in wages as has been the case in recent years, for example, with housekeepers.



IMPORTANT CHANGE CONCERNING WORK CONTRACTS

In Spain there is excessive temporary employment, which is difficult to justify, and on which the current production model has been based, and which has led to unstable and postponed lives, particularly for our young people. A large part of this temporary nature is due to the legal framework for contracting, different modalities, broad causes for its implementation and an excessive duration in time. We can add to this the abuse that has been made of temporary employment, without any control over it.

DURATION OF THE CONTRACT

- The employment contract is presumed to be an open-ended contract.
- The **types of contract are reduced to two**: for productive circumstances and for substitution with the right to reserve the job.
- The **fixed-term contract for works and services** (*por obra y servicio*), a source of fraud and permanent precariousness, **is abolished**.
- The **maximum possible duration** is reduced from 4 years to **1 year**.
- The **period for the succession and linkage of contracts is reduced** from a period of 24 months in the space of 30 months to 18 out of 24 months in order to be considered as permanent contracts. The limits of the succession operate both on the worker and on the job.
- **Contracts that are not in compliance with the law** and all those that do not comply with the provisions of this regulation **will be considered to be permanent**.

In addition, it is of the utmost importance that "**the performance of work within the framework of contracts, subcontracts or administrative concessions may NOT be identified as a reason for a temporary contract**", as was the case until now.

TRAINING CONTRACT

There is a substantial change in the training contract model.

The current modalities will disappear and a single training contract will be created with two different modalities: alternating (between work for an employer and study) and professional practice contracts.

Alternating training contract

- **Training**, both theoretical and practical, **is a substantial part of the contract**.
- The **activity** in the company must be **related to the training** that justifies the contract.
- **Two tutors** will be available (1 at the company, 1 at the training centre).
- **Individual training plan**, drawn up by the training centre.

- **Duration:** minimum 3 months maximum 2 years.
- **Remuneration:** that regulated by the collective agreement for these contracts. In their absence, their remuneration may not be less than 65 per cent and 75 per cent in the first and second year respectively, with respect to the professional group or level corresponding to the functions performed, in proportion to the time worked, with a guarantee of the National Minimum Wage (*SMI, in Spanish*) for the time worked.
- **No probationary period** may be established.
- Part-time contracts shall be considered **full-time for Social Security contribution purposes.**

Professional-practice training contract

- **It can be carried out by** those who have a university degree, intermediate or higher degree, specialist, professional master's degree or vocational training systems certificate.
- It may be carried out **within three years of completing** their studies.
- The duration will be a **minimum of 6 months** and a **maximum of 1 year.**
- Probationary period not exceeding 1 month.
- **Remuneration:** that established in the collective agreements for these contracts, otherwise that established in the professional group/level corresponding to the functions carried out, with a guarantee of National Minimum Wage.

These rules are common to both types of training contract:

- **Full Social Security protective action**, including unemployment and Wage Guarantee Fund (*FOGASA*). Temporary incapacity, birth, adoption, fostering, risk of pregnancy and breastfeeding, cases of gender violence, interrupts the calculation.
- **Calculation of seniority** if, once the training contract has ended, he/she continues in the company.

DISCONTINUOUS PERMANENT CONTRACTS

- **This type of contract is strengthened**, with the aim of transferring contracts and subcontracts, which until now were based on contracts for works and services, to this type of contract.
- The **right to seniority** is regulated for the duration of the employment relationship, not just for the actual time worked.
- **Obligation** on the part of companies **to inform the Workers' Legal Representatives** (RLT, in Spanish) and workers themselves of the existence of ordinary permanent job vacancies. Requirement to carry out an annual census of discontinuous permanent employees in accordance with the provisions of the collective bargaining agreement and to improve the way in which they are called up.

NEGOTIATED INTERNAL FLEXIBILITY MEASURES

In Spain, in the face of any adverse economic situation, companies have prioritised dismissal over any other measure aimed at preserving employment. The positive experience of the measures adopted in this area to deal with the COVID-19, the ERTE (*expedientes de regulación temporal de empleo*) and other protection measures have shown that it is possible to opt for negotiated formulas that protect employment, workers and companies and has reinforced the insistent demand of CCOO to seek measures that will prevent redundancies.

The agreement amends and extends some aspects of article 47 of the Workers' Statute and creates article 47 bis, introducing a new protection measure called the RED mechanism.

- **Objective of this mechanism:** to allow companies to request measures to reduce working hours and suspend contracts in order to stabilise employment.
- In all cases it is activated by a **decision of the Council of Ministers**.
- There are **two modalities**: cyclical and sectoral.
- Measures to address **cyclical situations** will have a maximum duration of 1 year.
- **Sectoral measures** are aimed at situations where there are changes that require reskilling and occupational transition processes in a sector. Their initial maximum duration is 1 year, with the possibility of two additional six-month extensions.
- **Administrative authorisation is required** if there has been no agreement in the consultation period.
- A **RED Employment Sustainability Fund** will be created, through which the financing of protective measures in terms of benefits and exemptions from company social security contributions will be met.
- This benefit will be **incompatible**, in any case, with the receipt of unemployment benefits or subsidies, with the benefit for termination of activity, with the Active Insertion Income.

ACCESS TO BENEFITS

- **It will not be necessary** to prove a minimum period of previous Social Security contributions.
- The amount of the benefit will be **70 per cent** for the entire duration of the measure.



- The **maximum monthly amount** to be received will be the equivalent of 225 per cent of the IPREM¹ (*Public Income Indicator for Multiple Effects*), including the pro-rata extra payments, regardless of the family situation.
- It will be **compatible** with the performance of other part-time paid employment. In this case, the proportional part of the time worked shall not be deducted from the amount.

IN ADDITION:

- The **application of dismissal** for economic, technical, organisational or production reasons **in the public sector is repealed**.
- **Biannual review** of the evolution of temporary hiring.
- **Law 32/2006**, which regulates subcontracting in the construction sector, **is amended to improve the quality of employment** in the sector.
- **Contracts of less than 30 days are penalised**, increasing social security contributions.
- Commitment to start negotiations on the **statute for trainees within 6 months**.
- Commitment to **regulate welfare benefits** in order to improve the protection of people with discontinuous permanent contracts, allowing **access to unemployment benefits**.
- The actions of the **Labour and Social Security Inspectorate** are reinforced.
- **Penalties for serious infringements** by companies are increased.

¹ Spanish index used in the calculation of economic aid, unemployment benefits, grants, scholarships and allowances based on and individual person's specific income and situation