

2016

# Annual Review of Labour Relations and Social Dialogue Poland

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- Developments in Poland in 2016 were marked by the consequences of the landslide victories of the right wing forces. The social and economic as well as constitutional-systemic changes have been subordinated to the agenda of the ruling party.
- In economic terms, Poland has continued a positive trend of an increasing employment level and record low unemployment. However, continuation of the positive macroeconomic situation is being questioned by some experts.
- The major changes in the social sphere in 2016 involved a semi-universal child benefit, a lowering retirement age and modification of the structure of the education system as well as moderate changes to Personal Income Tax (PIT). Also, several changes to the labour law were introduced in favour of workers. The political practice, however, has been to ignore the role of the Social Dialogue Council in important socio-economic legislation.
- Contrary to previous years, 2016 could be seen as a partial departure from fiscal consolidation, as the expansion of expenditure was not matched by a stable increase of the tax base. Also, the new government's economic strategy provides a relatively alternative view on developmental priorities. The newly introduced taxes – a banking tax and a retail trade tax – provided marginal revenues or have been considered as breaching the competition principle.



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## 1. SOCIO-ECONOMIC DEVELOPMENTS

Estimates of GDP in 2015 displayed a continued high dynamic (3.90 per cent), which situated Poland among the highest growing economies in the European Union. However, the estimates for 2016 are not that optimistic, as the dynamics of GDP growth are expected to diminish. Accordingly, the estimates for 2016 indicate growth at the level of around 2.8 per cent, a major downward adjustment compared to earlier estimates. In 2015, it was consumption as well as exports that influenced these GDP dynamics but the lower dynamics for 2016 is associated with a low investment by enterprises.

Expressed in Purchasing Power Parity, GDP per capita in Poland improved marginally from 68 per cent in 2014 to 69 per cent in 2015 (EU28=100 percent), surpassing the position of Hungary and Greece. Real per capita GDP (ESA 2010) amounted to €10,200 in 2013 and €10,700 in 2014.

Foreign Direct Investment (FDI) continued to grow and recorded a major increase compared to the previous year. The net value of FDI in 2015 equalled €12.138 billion.

The balance of payments has been improving since the third quarter of 2014, with a peak in the first quarter of 2015. Since then, it has been deteriorating and recorded a deficit in the third quarter of 2015. The negative situation had been improving and a surplus was noted in the second quarter of 2016.

The trade balance continued improving throughout 2014 and 2015 and in the latter year closed with a surplus (\$2.66 billion/€2.34 billion). This trend continued and a surplus of \$4.26 billion was recorded in the third quarter of 2016. The driver behind this dynamic has been increasing exports, especially to Germany, which remains Poland's main trading partner, both in terms of imports and exports.

The fiscal situation has been improving as well as the annual deficit has been decreasing. In 2015, the annual deficit dropped to 2.6 per

cent of GDP. As for the deficit in 2016, it is going to be higher than in 2015; however, it remains unclear whether it will exceed the Maastricht criterion (3 per cent of GDP). There was a major decline in public debt in 2014, calculated according to the Eurostat criteria, due to reform of the pension system that reduced the scope of the second pillar. However, since then, the debt has been in steadily increasing (nominal values). The total public debt calculated according to domestic criteria followed the same pattern. The debt estimates for 2016 indicate that it will be approximately 47 per cent of GDP. This is due to the postponement of some fiscal revenues to 2017.

Since 2014 the so-called stabilizing expenditure rule has been operational in Poland. Its main purpose is to reduce the growth of public spending with the objective of limiting the overall size of public debt. Four debt thresholds are specified for triggering the expenditure rule (43 per cent of GDP, 48 per cent, 55 per cent and 60 per cent). At the end of 2015, the rule was modified by the newly-elected government so that a higher level of spending is possible.

The recent privatization process in Poland has continued to be limited, especially compared to the beginning of the decade. Accordingly, state revenues from privatization slightly exceeded 1 billion PLN (about €239 million) in 2014. For 2015, the revenues were 41.5 million PLN (about €993,000), which was 3.5 per cent of the planned amount. Similarly, until November 2016 the revenues were approximately 44.3 million PLN (about €1.016 million). Importantly, the Law and Justice (PiS) government is aiming at renationalising certain sectors of the economy, one of them being the banking sector. In public discourse, the issue of privatization of public services (such as education or health care) has become more and more prominent, though it has happened most often on the local level and thus is excluded from privatization operated by the Ministry of State Treasury (very recently dissolved).



Since mid-2014 inflation has been flat and the consumer price index recorded a value of 0 per cent in 2014 and deflation of 0.93 per cent in 2015. The factor contributing to this phenomenon has been the decreasing price of fuels. In 2016, deflation was observed but in November 2016 the first signs of inflation could be seen. Overall, 2016 will close with deflation, though rising prices of fuel will reduce its size.

The growth in the average monthly gross wage in 2016 was similar to earlier quarters. The second quarter of 2016 recorded a drop in average salaries (-3.9 per cent) while the third quarter recorded small growth (0.9 per cent). Traditionally, an increase can be expected in the fourth quarter.

It is important to note that the issue of a minimum wage was among the most important in the electoral campaign and went beyond what the unions and employers' associations had agreed. For 2017, the stipulated monthly minimum wage will be 2000 PLN (about €459) gross. Also, importantly, a minimum *hourly* wage will be stipulated from January 2017. In 2016, the level of the minimum wage surpassed the social minimum as defined by the Institute for Labour and Social Studies for workers' households with two adults (though the net value was still below the social minimum). The minimum wage level also surpassed the social minimum calculated for a single worker household.

Measured as 60 per cent of the median income, the percentage of the population at risk of poverty after social transfers increased from 17.0 per cent in 2014 to 17.6 per cent in 2016. The extent of poverty is therefore slightly higher than the EU-28 average (17.3 per cent). Extreme poverty (calculated in absolute terms) dropped by 0.9 percentage points between 2014 and 2015 and affects 6.5 per cent of population. The households at risk of poverty are characterized by low work intensity, low educational attainment and a higher number of children.

The situation in the Polish labour market has been improving though two issues remain

problematic: the transition from school education to the labour market and the relatively low level of salaries.

The overall employment rate was 53 per cent in the third quarter of 2016, improvement of this indicator by 0.6 percentage points, year to year. Contrary to the previous years, the improvement was better for men than for women. While the respective employment rates were 44.9 per cent (women) and 60.6 per cent (men) in the second quarter 2015, a year later they had increased to 45.4 per cent for women and 61.3 per cent for men. The employment gap between the genders was 15.9 percentage points. The overall unemployment rate was at a record low of 5.9 per cent in the third quarter 2016, a decline of 1.2 percentage points year to year and a continuation of the trend from the previous year. Women suffer from unemployment more than men (6.2 per cent and 5.7 per cent, respectively) but the gender gap in unemployment has been falling as it declined within a year from 0.8 percentage points to 0.5 percentage points.

Despite these positive developments, the problems in the labour market remain similar to those in previous years. First, it is the issue of youth unemployment and comparatively low employment rates, associated with a very high share of temporary workers. The share of temporary employment remained unchanged at 28.2 per cent in second quarter 2016 compared to the previous year; this share remains the highest in the EU (EU 28=14.8 per cent). Other forms of atypical employment are also used excessively, such as agency employment under Civil Code contracts that offer significantly less protection of social and labour rights.

Income inequality as measured by the Gini-coefficient slightly increased to 30.8 in 2015, compared to 30.6 in 2014. As in previous years, the greatest income inequality is noted among farmers while the least is among retirees.

Compared to the numbers of the 2011 Census, the population declined slightly from



38.511 million to 38.429 million in 2016. The estimates of the Central Statistical Office (CSO) indicate that more than 2 million Poles currently reside abroad. For 2015, the approximate number of Polish migrants was 2,397,000, an increase of 70,000 compared to the previous year. The main receiving countries are the United Kingdom (720,000), Germany (655,000) and Ireland, the Netherlands and Italy (approximately 100,000 each). Regarding immigration to Poland, there was a major increase related to the conflict in Ukraine. This nationality, along with citizens of Belarus and Russia, constitute the biggest groups of foreign workers.

Poland has a strong concentration of innovative centres or relatively-developed industries. Such centres are located in the western part of Poland and/or are concentrated around big cities like Poznań, Wrocław or Gdańsk (with IT, car manufacturing, and others). An interesting region is Górný Śląsk, which relied heavily on coal extraction and was a centre of heavy industry in Poland, with a diminishing role now. While the previous government's plans aimed at restructuring the sector, which in practice meant closing some mines, the current government has declared the restructuring will be put on hold. However, developments taking place in the region do not confirm this declaration. In many respects, whether closing down mines will happen or not depends on the stance of the European Commission regarding state aid (it is a mechanism through which the EC is ensuring fair competition – in instances where EC notes unqualified state aid, it requires its recipients to return it.). A very recent development on the part of the EC is to accept the public aid for hard-coal mining. The regions of Poland that remain economically underdeveloped are located in the eastern part of the country. There is a lack of industry, especially in towns of smaller sizes. Centres of new technologies are missing here, with the notable exception of Rzeszów (south-east), where some aviation R&D as well as aircraft production is located. A threat to this cluster is the proposed Law on Higher Education, which

can undermine its academic standing as the proposed law will support the biggest university at the cost of smaller ones.

Estimates regarding the shadow economy vary but it is conventionally assumed to account for around 20 per cent of GDP.

## 2. STATE POLICIES

2016 was a year of an almost complete omnipotence of the PiS government. The role of the opposition was reduced to just reactions to PiS actions. Speaking from a wide perspective, one can say that this year was dominated by fulfilling some electoral promises from the social policy field and taxation but also changes which dealt with functioning of the fundamentals of democratic institutions – the Constitutional Tribunal, NGOs, public media, freedom of assembly, etc. Also, topics such as restricting reproductive rights were introduced. This last issue created an important movement, which covered also individuals from smaller towns. The most recognised opposition movement is the Committee for Defence of Democracy (KOD), which gathers some opposition parties (including the non-parliamentary opposition), social organisations, and others. The socio-economic characteristics of KOD are dominated by liberal ideology.

The rule of PiS is regarded controversial by several experts as well as by the opposition parties. The criticism concerns the pace at which bills are debated and voted in Parliament but also their immediate implementation (lack of proper *vacatio legis*), especially those laws relating to the architecture of the state. Examples of such rapid changes include the Constitutional Tribunal reform as well as the increase in the mandatory school age from six to seven years. The examples from the end of 2016 involve lowering the retirement age as well as removal of the middle level schools (lower-middle gymnasiums) from the educational system. Also, critics note that bills are submitted by Members of Parliament (MPs) rather than by





the government, which excludes the possibility of proper consultations with social partners at the stage of governmental discussions. Finally, due to the stalemate in the Constitutional Tribunal, the laws are not being assessed with respect to their conformity to constitutional rules.


Regarding government infrastructure, compared to the previous year, some reshuffling has taken place. Most importantly, the Ministry of Finance and the Ministry of Economic Development became led by the same person, Deputy Prime Minister Mateusz Morawiecki. The justification given for this change was that there is a need for a stronger coordination between the two ministries. However, it seems the real reason was that the previous minister of finance was sceptical towards government proposals regarding quickly increasing expenditures for social purposes. Such divisions can be observed in general. From the balance of power point of view it is important to note that the Ministry of Family, Labour and Social Policy continues to play a major role in government actions and PR activities. The majority of this ministry's leadership has some trade union experience (they come namely from the Confederation of NSZZ Solidarność) and several proposals of the ministry reflect Solidarność' stance. Signs of empowering Solidarność against other confederations can be seen, as is exemplified by the amendment to a law on trade unions.

The electoral manifesto of PiS declared several changes in the socio-economic sphere. The flagship initiatives included reversal of the increase in retirement age back to the previous 60 years (women) and 65 years (men), introduction of the so-called 500+ benefit (in the manifesto, for every child; currently for the first child only in poor families), increasing the tax-free amount for personal income tax (PIT), lowering corporate income tax (CIT) for small companies to 15 per cent, and making the tax system more efficient, especially when it comes to VAT. The flagship policy change remains the 500+ benefit. This policy is strongly debated from

several angles – it does not cover all families, is not capped for high earners, that it might create disincentives to work and it may crowd out other instruments of social policy, as well as put strain on financing other social policy instruments. The simulations show, nonetheless, that it significantly reduces poverty among children. The second major change, very recently introduced, lowers the retirement age from the expected age 67, which was to apply to women by 2040 (rather than the current age 60 for women and age 65 for men).

Another proposed change, with less financial consequence, is to completely reshuffle the educational system, which caused protests by the Teachers' Union (ZNP). Here again, it is not only the protest against the very change but also the superficial way it is being introduced. The other instruments, such as the banking tax have not delivered the expected revenues and the retail trade tax has been questioned by the European Commission. Also, the very idea of introducing more progressivity to the tax system has been countered, and this issue indicates the social-liberal split in the government's actions. The only concession has been the increase in the tax-free amount, though it is not as much as promised. The other issue is the open chauvinism of the government, which manifests itself in strong anti-refugee rhetoric. Poland has not received a single refugee within the framework of the European resettlement and relocation programme.

There were several changes in labour law in 2016, some of which are to be implemented in 2017 such as first, the necessity of signing a contract before the first day of work. Second, the reduced minimum wage of workers entering the labour market has been removed which means all workers employed on the basis of a labour contract should receive at least the minimum wage. A third important development is the introduction of the hourly minimum wage for all labour contracts, as well as some Civil Code contracts (*umowa zlecenie*) and self-employed performing tasks



only for one client, which to some extent will equalise hourly rates between different types of contracts. As of 2017 a package of changes is in place, which waives smaller employers (employing less than 50 full-time employees) from certain duties. These waivers include written work regulations, pay regulations (unless there is a collective agreement) and establishment of a Company Social Fund (ZFŚS). Previously, the size of the economic entity was 20 employees. With the new regulations, the only instance where such regulations and the fund are to be mandatorily established in companies with 20-50 employees is from a demand from a company-level trade union. Also, the period for an appeal regarding dismissal has been extended from 7 to 21 days.

In the field of healthcare, the most important reforms include opening access to general practitioners (GPs) for uninsured individuals. This measure is partial fulfilment of the electoral promise regarding a change in financing health care (a shift from contributions to general taxation). Also, as part of fulfilment of electoral promises, the government increased the minimum pension level to 1000 PLN (about €230) beginning in 2017.

An important, unresolved issue concerns home-based caregivers for disabled individuals – their right to state support is differentiated depending on when the disabled person's stage of life disability occurred. While several issues are still present, the government introduced (from the beginning of 2017) a right to an unemployment benefit for a caregiver in the event of the death of the disabled person. Also, a novelty in the legislation is the so-called "Pro-Life" package, which includes a one-off payment of 4000 PLN (about €920) in case of birth of a disabled child. The overall package is significantly bigger, though so far is at the programming stage.

Contrary to the governmental promises to lower VAT, the increased VAT rate (23 per cent) has been maintained. The personal

income tax rates remained as in previous years (18 per cent and 32 per cent), while the corporate income tax has been reduced from 19 per cent to 15 per cent for companies with revenue less than €1.2 million. The current government only to some extent complied with the Constitutional Tribunal's ruling pointing to the necessity of increasing the tax-free amount and raised this amount from 3092 to 6600 PLN (about €710 to €1514). However, the change affects the lowest income earners, as for those who earn between 6600 and 11000 PLN yearly (about €1513 to €2523) the amount will be reduced to 3092 PLN. For earners with income between 11,000 and 85,528 PLN (€2,523-€19,616) the amount will remain at 3092 PLN. For the category of earners with income between 85,528 and 127,000 PLN (€19,616-€29,128) the tax-free amount will be gradually decreased so that for incomes beyond 127,000 PLN, there will be no tax-free amount applicable.

The main thrust of economic and fiscal policy of the PiS government is to depart from the paradigm pursued by the previous government. Therefore, the PiS government has sought to expand the tax base by introducing new taxes as well as by fighting against tax avoidance (mainly with respect to VAT). On a discursive level, the notions of renationalisation of industry, the banking sector and also domestic innovation are present. The 500+ programme is the single biggest increase in social policy spending in decades, which combined with lowering the retirement age, will put major pressure on public finance. This is a problematic issue as there is no secured funding for these two items, which might result in halting development of other social policy programmes or, worse, in rolling back some of them.

The impact of the European Union on political and social developments is growing and more and more visible to the public. Membership in the EU has an indirect impact through requirements of fiscal discipline (in the form of the Excessive Deficit Procedure). Also, the



government transposes EU Directives regarding social policy or the labour market in a minimalistic way so that their impact on the domestic requirements is reduced. On the other hand, the impact of the European Union on labour laws (such as the notification period, the right of association of atypical workers) can be noted. However, increasingly the European Commission, as well as the European Parliament, has focused on the condition of democracy in Poland. Within the last year, Poland has been the subject of several discussions and reactions on the part of the EU institutions – within the Commission as well as the Parliament.

### 3. INDUSTRIAL RELATIONS

Industrial relations in Poland are strongly affected by weak representation of workers, especially in the private sector. Partially, the reason for this lies in the legal framework that stipulates that the basic trade union unit is a company organization, which only can be established by at least 10 workers at the same company. Since around 39 per cent of workers are employed in companies with nine workers or less this regulation results in direct exclusion of that large group of employees. It is possible to establish other forms of representation (information and consultation bodies) only in even bigger entities – those employing more than 50 workers. Primarily, however, private sector managers are characterised by their strong anti-union attitudes.

The Polish labour market is characterised by a strong asymmetry in labour relations and, consequently, several kinds of violations of labour law and related standards. The issues that have been indicated by the Labour Inspection include growing delays in salary payments, an increasing scale of illegal employment, forced self-employment and forced employment under Civil Code contracts, avoiding payment for overtime hours, and working conditions below stipulated standards.

According to the most recent representative survey (conducted in 2015), 11 per cent of workers belong to a trade union. This was a slight decline compared to 2014, when 12 per cent of workers declared membership in a union. The split among the confederations is approximately the following:

- NSZZ Solidarność – 4 per cent of workers,
- OPZZ – 4 per cent of workers,
- Forum – 1 per cent of workers, and
- Other unions – 1 per cent of workers.

Union density and consequently the bargaining power of trade unions vary depending on the sector of the economy. The public sector is the most unionised (19 per cent of workers, 2012 survey) and this includes health care, education and science (23 per cent) and state-owned companies. Also former state-owned companies, especially in heavy industry, belong among the most unionised (16 per cent of workers belong to a trade union in mining and production, 2014 survey). The private sector is significantly less unionised, which – as mentioned above - seems to be a function of the companies' size (they are much smaller) and the negative attitude of employers towards unions. Accordingly, in retail trade 7 per cent of employees are unionised (a significant increase from 3 per cent), while in transport and construction it is 12 per cent. In companies employing more than 250 workers, 28 per cent are unionised, while in small companies (less than 50 workers) only 6 per cent are union members.

The Polish trade union movement has been characterised by a division along political lines and this has meant relatively rare cooperation at the national level between unions, especially NSZZ Solidarność and OPZZ. The divide has intensified due to the engagement of both unions for different political sides in the elections of 2015. Importantly, NSZZ Solidarność continues an open collaboration with the PiS government, and as recently, has turned against opposition to the government, including other confederations. The agenda of





unions to some extent has been achieved: again lowering the retirement age, introducing an hourly minimum wage, increasing the tax-free income threshold and discussion on the right of association. One issue remains relatively unchanged: reduction of atypical employment and creation of high quality jobs. It should be noted that a great achievement of all three confederations, in cooperation with the employers' organisations, is the establishment of the Council of Social Dialogue, the new body replacing the Tripartite Commission (see more details below).

At the company level, cooperation between unions of different confederations occurs more often; however, competition between unions is visible there as well, especially coming from smaller, independent trade unions. Both industrial disputes and strikes are extremely limited in Poland. The number of disputes in 2014 declined sharply from 284 in 2013 to 254 in 2014. The situation with strikes is even more dramatic as while there were 93 strikes in 2013, there were only 3 (!) in Poland in 2014 (data from the Central Statistical Office – no data available for 2015/16).

When it comes to notable collective disputes, in a sense one can observe a striking continuity. First, there have been a number of collective disputes in hospitals, where nurses had a leading role. The dispute, which ended up in a two-week strike, also took place in a leading children's hospital in Poland (Centrum Zdrowia Dziecka). The demands of the nurses focused on the safety guarantees for patients, undermined by insufficient staffing of the hospital. While some financial demands were fulfilled, the demand of increasing the staffing number was not. Therefore, in the middle of the year, the strike and the dispute (which started in December 2014), have only been suspended.

Also, in one of the main companies of the coal industry (JSW, 23,000 employees), the negotiations regarding a new collective agreement have been taking place parallel to negotiations on staff reductions. In another coal industry holding company (Kompania

Węglowa), negotiations regarding pay conditions were held.

Currently, there are four employers' associations that have representative status in the Tripartite Commission succeeded by the Council of Social Dialogue: Business Centre Club, Polish Crafts Association (Związek Rzemiosła Polskiego), Employers of Poland (Pracodawcy RP) and Polish Confederation of Private Employers 'Lewiatan' (Polska Konfederacja Pracodawców Prywatnych Lewiatan). Their situation remains stable. Their numbers and estimated coverage have not changed over time and is around 20 per cent of employees (according to the available estimations). Contrary to the unions, the employers' organizations are very active in the political sphere and in the media. This imbalance contributes to underrepresentation of the labour movement in public discourse. However, the voice of the unions and their support by the public became stronger in the summer of 2013 (when all three confederations joined their forces in a spectacular protest in Warsaw) and continues to be better also due to their involvement in electoral politics.

#### 4. TRIPARTITE SOCIAL DIALOGUE

The design of the new tripartite Council of Social Dialogue could have set a new quality of Polish governance. Compared to the old Tripartite Commission, the Council is more independent from the Ministry of Family, Labour and Social Policy. The head of the Council is elected based on the principle of rotation between the represented stakeholders (trade unions, employers and government). The current chair is Henryka Bochniarz from the employers' association Lewiatan; he replaced Piotr Duda, the President of NSZZ Solidarność. The members of the Council are nominated by the Polish President. The Council has the power to draft bills and submit them to the Council of Ministers, as well as to consult and offer opinion on bills dealing with socio-economic



issues. It is assisted by a designated public unit that deals with administrative issues and plays an advisory role.

However, when it comes to the functioning of the Council of Social Dialogue, its achievements are scarce. As was the case of the previous tripartite body, the Council seems instrumentalised by the government. While in general it receives significantly more attention from government representatives, the real engagement in policy-making process is limited, also because the government-inspired proposals are submitted by MPs directly to the Parliament. This way, the legislative track is faster and the discussions take place in parliamentary committees, where the engagement of social partners is significantly less institutionalised. Therefore, the Council focuses on issues raised by the employers and the unions, who negotiate bilaterally. Several important initiatives were negotiated but then not taken up by the government.

To replace the tripartite bodies at the regional level, new bodies have been created – Voivodship Social Dialogue Councils – but their scope is limited to socio-economic issues arising at the level of the voivodship.

## 5. FORECASTS

Next to the concerns regarding democratic rule in Poland, political developments in the second half of 2016 indicate that economic stability can be under threat. Here the main issue seems to be fiscal stability as several costly social programmes are to be implemented while the financing is not secured. Therefore, the problem might be the reversal of these programmes or even scaling back already existing social programmes. Also worrying is the pace at which several important bills have been deliberated, without proper consultations or involvement of experts from different viewpoints. An example might be the costly 500+ program, with annual costs estimated at around 22.3 billion PLN (about €5 billion). Alternatives were not seriously discussed, nor were the possible impacts of such an important change on the labour market and social stratification.

## ANNEX

### • **Collective Bargaining System**

Given the mainly advisory role of social dialogue institutions at the national, branch and regional levels, the major proportion of bargaining is at the level of companies. Collective agreements regulate the conditions of work, pay, health and safety and other work-related issues as long as the agreed conditions are not worse than those stipulated by law. A collective agreement can be negotiated only in companies where a trade union organisation(s) exist. The number of new collective agreements registered with the Labour Inspection has been declining, from 130 collective agreements registered in 2010 to 69 in 2015. As for annexed protocols, the number declined from 1,265 in 2013 to 909 in 2015. In 2015, as in the previous years, the Labour Inspection noted that when new additional protocols are registered, they rather reduce the scope of the agreements already in place. Also, the noted tendency is a decline of standards in newly registered collective agreements. Accordingly, most of the new collective agreements are repetition of the existing minimum standards. In total there were 13,911 collective agreements registered by Labour Inspection at the end of 2014. Of these, 8,173 were still in force, covering approximately 1.8 million workers. Understanding that the low coverage also results from the non-organisation of employers, the current government plans to introduce mandatory chambers that would gather employers; however, no steps have been taken in this direction.

### • **System of tripartite social dialogue**

At the national level, tripartite social dialogue takes place in the Council of Social Dialogue established at the end of 2015, replacing the Tripartite Commission. The members of the Council are nominated by the Polish President and the chair of the Council is rotating between the represented stakeholders (Trade

Union, Employers and Government). The Council has the power to draft bills and submit them to the Council of Ministers, as well as to consult and offer opinion on bills dealing with socio-economic issues. It is assisted by a designated public unit that deals with administrative issues, and plays an advisory role. Despite its legislative prerogative, the Council's role is mainly advisory: its role is especially visible in preparation of a budget bill and changes in social benefits and minimum wages.

There are also 16 regional bodies (Wojewódzka Komisja Dialogu Społecznego, Voivodship Council for Social Dialogue) for social dialogue (one per voivodship). The bodies involve the social partners and their role is also advisory with respect to developments at the regional level.

### • **Social security systems**

In principle, all workers employed on the basis of the Labour Code regulations are covered by health care, old-age pensions, unemployment insurance and against other social risks. But in the case of health insurance there are no reliable data: the number of insured in the register is higher than the population of Poland, plus family members of an insured person are also covered. It is estimated that one million Poles are not covered by health insurance, which is being confirmed by a newly-introduced system of insurance evidence. Recent changes have opened access to basic health care to uninsured individuals.

The observed problem is the inferior social security coverage provided under the more and more widespread Civil Code working agreements, as the non-wage labour costs are smaller for the employer. Health insurance and unemployment compensation are rarely financed in these types of contracts. A scrapped governmental proposal was intended to introduce a so-called unified tax, paid regardless of the type of contract, from which both social security contributions as well

as health care could be financed. The government withdrew from this proposal, arguing that this would impose too high of a tax burden on entrepreneurs (following the liberal mantra).

- **Education and vocational training**

Since the mid-1990s, an outflow from vocational education towards general education has been observed. This trend especially affected basic vocational schools. At the same time, graduates from these schools experienced significant problems with finding a job despite their profiled education, which in other cases increases the probability of a successful transition to the labour market. Diplomas from vocational education are not widely recognised by employers, as during final examinations the emphasis is put on theoretical knowledge. Employers often raise the argument that school and university leavers do not have sufficient work experience; however, as the section below

demonstrates, employers have only a limited interest in participating in training and vocational certification as well as in indicating their demands for the skills needed. In 2010, less than 23 per cent of Polish companies cooperated with a school or a centre for practical training. Of the companies that did cooperate, 63 per cent engaged in practical training, 60 per cent in in-company training, 50 per cent sponsored schools and another 48 per cent provided both practical and theoretical training. A significantly lower number of companies (5-6 per cent) took part in other forms of cooperation with schools such as preparing curricula, training teachers, or providing materials and equipment. Importantly, larger companies were 10 times more often involved in training than small or micro companies. The government plans to increase the role of vocational training (including basic vocational education), by making the link between the schools and employers closer, however, so far no real actions have been taken.

### Employment Rate (%)

Year/ Group	2011 Q2	2012 Q2	2013 Q2	2014 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
<b>Total 15-64</b>	59.4	59.7	59.8	61.3	62.6	63.5	63.7	63.7	64.3
<b>Men 15-64</b>	66.0	66.4	66.5	67.9	68.7	70.1	70.1	69.9	70.6
<b>Women 15-64</b>	52.8	53.1	53	54.8	56.4	57	57.2	57.4	58.1
<b>Total 15-24</b>	25.3	24.9	24.4	26.2	26.1	26.7	26.1	27.9	28.7
<b>Men 15-24</b>	29.7	29.1	28.7	29.9	30.3	31.5	30.08	31.9	33.1
<b>Women 15-24</b>	20.6	20.6	19.8	22.2	21.7	21.5	21.2	23.5	24.1
<b>Total 25-49</b>	78.7	78.4	77.9	79.1	80.6	81	81.1	80.6	81.5
<b>Men 25-49</b>	85.0	84.6	84.3	85.3	86.3	87.1	87.1	86.5	87.5
<b>Women 25-49</b>	72.3	72.2	71.3	72.7	74.8	74.7	75	74.5	75.3
<b>Total 50-59</b>	60.2	61.8	62.5	64.0	64.6	66.8	67.3	66.7	67.1
<b>Men 50-59</b>	68.1	69.5	68.9	70.1	70.0	72.7	73.1	71.2	71.6
<b>Women 50-59</b>	53	54.7	56.4	58.2	59.5	61.2	61.9	62.4	62.8

Source: Eurostat LFS



## Unemployment rate (%)

Year/ age group	2012 Q2	2013 Q2	2014 Q2	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2
Total 20-24	24.2	25.1	21.9	19.2	18.2	18.8	18.1	15.6
Total 25-49	8.8	9.5	8.2	6.7	6.3	6.2	6.3	5.5
Total 50-59	8.7	8.3	7.6	6.2	5.7	4.9	5.0	4.9

Source: Eurostat LFS

The choice of the data was driven by comparability reasons. The register data (referring to individuals registered with Public Employment Services) remains higher by

about 1-2 percentage points. The difference is due to the different definitions regarding unemployment.

- **Net average monthly salaries (estimations)**

Net Salaries	2012 Q3	2013 Q3	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
in PLN	2512	2609	2700	2814	2891	2752	2780	2901	2979	2867	2892
in €	607	612	623	655	673	641	647	664	683	657	663

Source: CSO, own calculations

- **Gender pay gap**

The unadjusted gender pay gap for the hourly gross wages in Poland was well below the EU average (in 2013 it was one of the lowest in

the EU – approximately 6.4 per cent of the male wages). However, the adjusted wage gap is significantly higher, at the level of 20 per cent.

- **Net monthly minimum wage**

Minimum salary	January 2012	January 2013	January 2014	January 2015	January 2016	January 2017
in PLN	1111	1181	1237	1286	1356	1459
in €*	265	281	285	297	318	335

Source: CSO, own calculations \*average exchange rate for given date

- **Actual weekly working hours**

Year/ indicator	2012 Q3	2013 Q3	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Actual average weekly hours in work	40.9	40.9	40.9	40.7	40.6	40.8	40.9	40.6	40.6	40.8	40.9

Source: Eurostat





As seen in the table, the number of actual working hours has remained relatively stable, which is an indication that the labour market restructuring took a different form during the

economic slowdown. Given the declining dynamics of real wage growth, the adjustment took mostly the form of a real wage change.

• **Normal work / atypical work**

Year/ indicator	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3
Fixed-term*	27.1	27.1	28.4	28.8	28.9	28	28.2	27.9	27.8	27.7	28.2	27.3
Part-time*	7.1	7.1	7.3	6.9	6.9	7.1	6.7	6.5	6.7	6.6	6.3	6.2

Source: Eurostat LFS \*Percentage of total employment.

So-called Civil Code contracts (*umowy cywilno-prawne*) have gained more and more importance in the labour market. These contracts have significantly reduced social protection rights. In contrast to contracts observing the Labour Code, sickness, maternity and unemployment benefits are not compulsorily covered under the bulk of Civil Code contracts. Moreover, employment based on the Civil Code does not follow regulations regarding minimum wage (however, a mandatory hourly minimum wage should be introduced in 2017), working time,

holidays and overtime remuneration, and a record of years of service is also not included. Checks by the Labour Inspection in 2012

revealed that approximately 20 per cent of workers in the reviewed companies were employed on the basis of a Civil Code contract. One important step towards provision of more social protection involves flat rate maternity/parental benefits for uninsured individuals as well as mandatory old-age pension contributions for those working under *umowa-zlecenie*.

• **Migration flows 2011-2012**

There are no reliable data on migration flows, only on migration stocks and the Polish Central Statistical Office publishes those data on Poles living abroad.

Year	2011	2012	2013	2014	2015
Stock	2.017	2.130	2.196	2.320	2.397

Source: GUS, in millions

• **Human Development Index (HDI)**

Year	2011	2012	2013	2014
HDI	0.813	0.821	0.834	0.843
Rank	39	39	35	36

Source: UNDP



- **Gini-coefficient**

Year/ value	2011	2012	2013	2014	2015
<b>Gini coefficient</b>	31.1	30.9	30.7	30.8	30.6
<b>Ranking in the EU</b>	17	15	17	17	16

Source: Eurostat, EU-SILC

- **Collective agreement coverage**

According to the Labour Inspection it is estimated that at the end of 2014 approximately 1.8 million workers are covered by collective agreements. This means around 11 per cent of the total labour force is covered by collective agreements.

- **On-going important collective bargaining agreements**

Currently, no negotiations at the national level are taking place. Most of the collective bargaining (which is limited and declining further) concerns pay schemes. Negotiations are continuing in the mining industry, the health-care sector and railways and bargaining is also taking place in some retail trade.

- **Trade union density**

See point 3 on “Industrial Relations”

- **Employer’s organizations density**

There are no exact data on the density of employers’ organizations but it is estimated that they cover no more than 20 per cent of the workers in the economy. Given the dominance of very small companies employing less than 9 workers, the employers are very fragmented and their interests diversified.

- **Workplace representation**

In addition to trade unions, representation of employees can take the form of Workers’ Councils in state-owned enterprises (introduced in 1981) and Works Councils whose functioning is regulated by the Act on the Information and Consultation of Employees (triggered by EU legislation in 2006). To establish a trade union at a company level requires 10 employees. If the trade union membership exceeds 10 per cent of the workers in a company, the union is considered representative for the purpose of the collective bargaining. Another way of gaining representativeness within a company is to have trade union membership in a union confederation eligible to participate in the Council for Social Dialogue – in this case membership of only 7 per cent of the workers is required. Trade union representatives at a company level have the right for office space and are protected against dismissal.

It is possible to establish a Works Council in a company employing more than 50 workers (before 2008 the number was 100). Also before 2008, one of the ways of selecting representatives to the Works Council was direct nomination by a trade union. Currently, all Works Council representatives must be elected by employees of the respective company. In May 2015 there were approximately 3,300 Works Councils in Poland.



• Trade union mapping

	in National Language	in English	
<b>Name of TU Federation/ Confederation/Trade Union</b>	<b>Ogólnopolskie Porozumienie Związków Zawodowych (OPZZ)</b>	<b>All-Poland Alliance of Trade Unions</b>	
Founding Year	1984		
Sector/Branch	Nationwide, All sectors		
Cycle of Congresses/ Last Congress	OPZZ Congresses take place every four years; the last congress took place in 2014 and the current president was re-elected.		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	<b>Name</b>	<b>Function</b>	<b>Homepage</b>
	Jan Guz	Chairman	<a href="http://opzz.org.pl/english/structure">http://opzz.org.pl/english/structure</a>
	Joanna Bieńkowska Terlecka	Youth Committee	<a href="http://opzz.org.pl/portal/komisje_problemy/komisja_mlodych_opzz.html">http://opzz.org.pl/portal/komisje_problemy/komisja_mlodych_opzz.html</a>
	Piotr Ostrowski	International Committee	<a href="http://opzz.org.pl/portal/komisje_problemy/miedzynarodowe.html">http://opzz.org.pl/portal/komisje_problemy/miedzynarodowe.html</a>
Number of Members (please comment on the official number applying a sensitive approach)	Reported: 792,500 (2011), Survey: 621,000		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	The data on financing sources is not available. As with other Polish trade union confederations/major unions, economic activity (renting properties) seems important		
Number of staff (estimated if necessary)	Around 35 full-time staff		
Political Orientation (short story in three lines)	It is a left-wing leaning confederation, with close links with Sojusz Lewicy Demokratycznej but also other left-wing organisations.		
Cooperation in national committees	Representative member of the Council of Social Dialogue		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	ETUC	ITUC	



	in National Language	in English
<b>Name of TU Federation/ Confederation/Trade Union</b>	<b>Niezależny Samorządny Związek Zawodowy Solidarność (NSZZ Solidarność)</b>	<b>Independent Self-governing Trade Union "Solidarity"</b>
Founding Year	1980 (illegal between 1982 and 1989)	
Sector/Branch	Unitary trade union, encompassing all sectors of the economy	
Cycle of Congresses/ Last Congress	For the purposes of electing president and National Council, National Delegates' Assembly meets every four years. The current president was re-elected in 2014.	
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	<b>Name</b>	<b>Function</b>
	Piotr Duda	President
Number of Members (please comment on the official number applying a sensitive approach)	Reported: 667,500 (2011), Survey 621,000 (2012)	
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	The data on financing sources is not available. As with other Polish trade union confederations/major unions, economic activity (property rental) seems important. Solidarność is successful in attracting European funds.	
Number of staff (estimated if necessary)	Not available	
Political Orientation (short story in three lines)	Politically, NSZZ Solidarność is a centre-right (or Christian-Democratic) leaning union. The closest collaborator is Prawo i Sprawiedliwość, though formally Solidarność stresses political indifference.	
Cooperation in national committees	Representative member of the Council of Social Dialogue	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	ETUC	ITUC, TUAC



	in National Language	in English
<b>Name of TU Federation/ Confederation/Trade Union</b>	<b>Forum Związków Zawodowych (FZZ)</b>	<b>Trade Unions Forum</b>
Founding Year	2002	
Sector/Branch	All-branch encompassing trade union confederation	
Cycle of Congresses/ Last Congress	FZZ Congress meets every four years and elects leaders. The last congress took place in 2014	
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	<b>Name</b>	<b>Homepage</b>
	Dorota Gardias	<a href="http://www.fzz.org.pl/index.php?option=com_content&amp;view=article&amp;id=6&amp;Itemid=5">http://www.fzz.org.pl/index.php?option=com_content&amp;view=article&amp;id=6&amp;Itemid=5</a>
Number of Members (please comment on the official number applying a sensitive approach)	Reported: 408,000 members (2012), Survey: around 310,000 (2012)	
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	The data on financing sources are not available. As with other Polish trade union confederations/major unions, economic activity (renting properties) seems important	
Number of staff (estimated if necessary)	Less than 10 full-time staff members	
Political Orientation (short story in three lines)	Forum Związków Zawodowych seems the least politicised among major trade unions; it is seen as moderately left-wing.	
Cooperation in national committees	Representative member of the Council of Social Dialogue	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	ETUC	





• **Employer Association Mapping**

	in National Language	in English
<b>Name of the association</b>	<b>Polska Konfederacja Pracodawców Prywatnych Lewiatan (PKPP Lewiatan)</b>	<b>Polish Confederation of Private Employers - Lewiatan</b>
Founding Year	1999	
Sector/Branch	Mainly private sector, all-encompassing	
Cycle of Congresses/ Last Congress	General Assembly meets every year. Last meeting took place in May 2012	
Important Functionaries (Chairman, President, Director, etc.)	<b>Name</b>	<b>Function</b>
	Henryka Bochniarz	President
	Adam Kądziała	Youth Forum
Number of Members	62 regional and branch associations comprising 3,750 companies employing approximately 750,000 workers	
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Financing comes from regional and branch associations and individual companies associated directly. It is maximum 0.2 per cent of the payroll. Also, PKPP Lewiatan runs many projects co-financed from the European funds.	
Political Orientation (short story in three lines)	PKPP Lewiatan is leaning towards liberal-centre. Henryka Bochniarz stood for election of President of Poland in 2005	
Cooperation in national committees	Representative member of the Council of Social Dialogue	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	BusinessEurope	BIAC

	in National Language	in English
<b>Name of the association</b>	<b>Pracodawcy Rzeczypospolitej Polskiej</b>	<b>Employers of Poland</b>
Founding Year	1989	
Sector/Branch	Nation-wide	
Cycle of Congresses/ Last Congress	General Assembly meets every year, the term of the President last five years. Last assembly: 2012	
Important Functionaries (Chairman, President, Director, etc.)	<b>Name</b>	<b>Function</b>
	Andrzej Malinowski	President

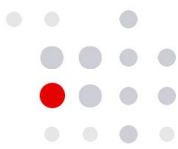


Number of Members	7500 companies, employing approx. 4,000,000 workers (85 per cent private sector)	
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	The sources of financing unknown.	
Political Orientation (short story in three lines)	Probably the most centre-oriented of the employers' organisations that are members of the Council of Social Dialogue	
Cooperation in national committees	Representative member of the Council of Social Dialogue	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	CEEP	IOE, ILO, BIAC

	in National Language	in English
<b>Name of the association</b>	<b>Business Centre Club</b>	<b>Business Centre Club</b>
Founding Year	1989	
Sector/Branch	Nation-wide	
Cycle of Congresses/ Last Congress	This information is not available – President of BCC is also a founder of the Club	
Important Functionaries (Chairman, President, Director, etc.)	Name	Function
	Marek Goliszewski	President
Number of Members	2500 companies, employing approximately 600,000 workers	
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	The organization does not publish financial reports; therefore the sources of financing are not available.	
Political Orientation (short story in three lines)	Business Centre Club has a clear profile as a lobbying organisation. Perhaps it is the most liberal among the employers' associations that are affiliated with the Council of Social Dialogue	
Cooperation in national committees	Representative member of the Council of Social Dialogue	
Memberships	Regional Umbrella Associations	Global Umbrella Associations
	CEEP	IOE, ILO, BIAC



	in National Language	in English	
<b>Name of the association</b>	<b>Związek Rzemiosła Polskiego</b>	<b>Polish Crafts Association</b>	
Founding Year	1933		
Sector/Branch	Nation-wide, represents small and medium enterprises, eligible for conducting vocational tests		
Cycle of Congresses/ Last Congress	Congress meets every year, while electoral Congress takes place every four years. Last congress: November 2012		
Important Functionaries (Chairman, President, Director, etc.)	<b>Name</b>	<b>Function</b>	<b>Homepage</b>
	Jerzy Bartnik	President	http://www.zrp.pl/AboutZRP/tabid/316/language/en-US/Default.aspx
	Maciej Prószyński	General Director	
Number of Members	Approximately 300,000 companies		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	The organization does not publish financial reports; therefore the sources of financing are not available.		
Political Orientation (short story in three lines)	The political profile of Związek Rzemiosła Polskiego is unclear.		
Cooperation in national committees	Representative member of the Council of Social Dialogue		
Memberships	Regional Umbrella Associations		Global Umbrella Associations
	NORMAPME, EBC, UEAPME		



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