



## **The Histadrut Makes a Significant Breakthrough for Contract Workers**

The Histadrut ended on February 12 a general strike that lasted four days and included all government ministries, local authorities, train, banks, stock exchange, airport, seaports and other public services.

This was a solidarity strike which saw organized workers struggle and hold a strike for the benefit of the unorganized, deprived contract workers, who earn less and receive fewer benefits than their directly employed colleagues.

Already in October 2011 the Histadrut declared a labour dispute on the struggle to diminish the number of contract workers in the Israeli economy by transferring them to direct employment. Three months ago the negotiations reached a deadlock and the Histadrut asked to hold a general strike. On November 7, 2011 the Histadrut held a general strike limited to four hours by the National Labour Court, after which negotiations with the Finance Ministry resumed.

Following an ongoing stalemate in the negotiations, the Histadrut asked the National Labour Court to renew the strike on February 8 and its petition was accepted. Four days of general strike commenced.

On February 12, an agreement (outlined below) was finally reached between the Histadrut and the Finance Ministry which determines significant accomplishments for the benefit of the contract workers.

In addition, a separate agreement (also outlined below) was reached between the Histadrut and the Coordinating Bureau of Economic Organizations (the private employers), which substantially reduces the number of contract workers in the private sector and equalizes the work conditions and wage between the remaining contract workers and their directly employed colleagues.

### **The Histadrut Achieved:**

- 1. Direct employment of thousands of contract workers in the public and private sectors.**
- 2. Cancelling the indirect "shoulder to shoulder" employment in the public sector.**
- 3. Linkage to the public sector wage agreements through significant wage improvement of cleaners and security workers in the public sector.**
- 4. Equalising conditions of contract workers to those directly employed in the private sector.**

### **The Histadrut signed two agreements:**

- A. The first agreement with the Coordinating Bureau of Economic Organisations (the private employers) in which a number of principles were determined:**



1. **Direct employment of all contract workers employed in professions which are at the core of the employer's occupation-** this will be following nine months of employment (similar to the Manpower Companies Law).

**Examples of contract workers at the core of a work place which will be absorbed into direct employment: thousands of tellers at banks, thousands of workers in production lines in industrial plants, thousands of chambermaids at hotels, couriers, warehouse workers and the like.**

2. **Equalization of work conditions and wage between contract workers not absorbed into direct employment and workers employed directly in the business.**

Equalization of conditions will be a negative incentive to employ contract workers since their cost will be more expensive and therefore it will be profitable for the employer to absorb them. In organized workplaces the equalization of conditions will be according to the collective bargaining agreement, so that all contract workers will receive a huge improvement in their employment conditions.

#### **Examples of equalization of conditions**

- A cleaner in the supermarket chain "Shufersal", for example, employed by a contractor will receive all the conditions in the collective agreement of "Shufersal" workers. It includes many rights, such as, an additional "month thirteen" salary. Thus, this is a significant improvement in the conditions of that cleaner.
  - A security worker at the Dead Sea Works LTD will receive wages like a Dead Sea Works LTD employee in a collective agreement. These are high wages even if it's the lowest paid worker at the factory.
3. **Direct employment of some of the cleaners** - These are workers employed in jobs of 170 hours per month constituting 90% capacity employment. This is after nine months of a temporary employment period similar to the Manpower Companies Law. The temporary employment period will be counted from the day of the issuing of an extension order.
  4. The agreement applies to all employers who are members of the Coordinating Bureau. The agreement will come into effect with the issuing of an extension order in the private sector.

#### **B. The second agreement is with the Finance Ministry in which a number of principles were determined:**

1. **Direct employment - "shoulder to shoulder" clause on all the public sector that will abolish the phenomenon.**

These are workers employed "shoulder to shoulder" next to their directly employed friends in the same workplace in the same job. After nine months of work it will be decided by a parity committee, joint to representatives of the Histadrut and the state, whether the employee should be absorbed. If not absorbed it is not permissible to bring a different worker in his/her place. Thus, in effect, eliminating, the "shoulder to shoulder" phenomenon.

This clause ensures that in the public institutions "shoulder to shoulder" employees critical to the system will be absorbed and not workers fictitiously brought into the public institution from associations or other bodies.

**For example:**

1. **Social workers employed in the municipality and next to them social workers employed in an association (contractual employment). The social workers in the association will be transferred to direct employment in the municipality.**
2. **Psychologists – In the local authorities and in the state there are psychologists employed through associations "shoulder to shoulder" opposite their directly employed friends. These psychologists will be absorbed.**

**In addition another few hundred workers will be absorbed into direct employment as follows:**

- Direct employment of cleaners at centers for the mentally retarded in the Welfare Ministry and in a center for people with disabilities.
  - 600 workers employed by health corporations will be absorbed as direct employees in the state hospitals.
2. **Revolutionary clause: linking of contract workers (cleaners and security workers) to the Histadrut's wage agreements in the public sector. In addition: significant and immediate improvement in their wages and linking of social benefits to those of public service workers.**
- a. Linkage to the public sector wage agreements:** For years, it was claimed against the Histadrut, that when it holds a general strike in the public sector, and achieves a wage increase, only organised workers enjoy the raise. Now, also contract workers in the cleaning and security sectors will enjoy the wage increases in the public sector. **This revolutionary clause enables cleaners and security workers to enjoy wage increments exactly like an organised worker in the public sector. According to the estimates, there are about 70 thousand cleaners and security workers who will benefit from this increment.**

**b. Wage increase and linkage of social benefits to public service workers servants:** the agreement in the cleaning and security sectors is for all the workers in the cleaning and security sectors employed in public sector workplaces. It is approximately NIS 800 million (US\$ 215 million) in the base of the budget a year. In addition, the cleaners and security workers employed in public sector facilities will receive the following conditions:

- The wage of the workers will increase and be NIS 4,500 (US\$1,210). Cleaning supervisors will receive NIS 4,700 (US\$1,263). Already in January 2013 their wages will rise to NIS 4,600 (US\$1,237) and in July 2013 to NIS 4,650 (US\$1,250). This is due to the increases from the public sector wage agreements.
- The social benefits will be equalized to the benefits of **public service workers**:
  - A study fund as is customary in the country. This is an especially remarkable achievement since it is not customary to give contract workers a study fund.
  - Pension (or provident) contributions at a rate of 19.5% (2% higher than what is customary in the economy) from the first day of employment.
  - Convalescence pay as is customary in the country.
  - Subsidized meals in the workplace.
  - Presents and gifts for festivals as is customary in the country.
  - An excellence grant of 1% of the annual wage.

**c. Tightening of the supervision-** an additional 120 inspectors will be added in the Ministry of Industry, Trade and Labour to supervise the work.

**d.** A liaison bureau will be established to handle public sector contract workers complaints.

**e. Industrial peace: contract workers (cleaning and security) and the workers committees will be able to continue to struggle and even strike for direct employment in the workplaces without limit** - the Histadrut's demand that the agreement will not include an industrial peace clause sweepingly prohibiting contract workers from struggling in the workplace for direct employment was **fully accepted**. The industrial peace for three years will apply only to wage demands. Nevertheless it should be noted that cleaners and security workers will begin to receive wage increases from January 2013 - the start date from which they will be linked to the public sector wage agreements.