

# BARWAGE



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## Discretion and (de)centralization in wage bargaining in the construction, hospitality, urban transport and waste management sectors: A Study on the Netherlands

*BARWAGE Report No. 9*

*Dr Janna Besamusca<sup>1</sup>*

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<sup>1</sup> Contact: Janna Besamusca, Utrecht University, Department of Interdisciplinary Social Science  
[J.W.Besamusca@uu.nl](mailto:J.W.Besamusca@uu.nl)

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### **Abstract**

This report is part of deliverable D4.1 of the BARWAGE project, in which aim to investigate the space for employer discretion afforded in collective agreements on pay in nine countries. This report analyses the social dialogue and collective wage bargaining in four sectors in the Netherlands: construction, hospitality, urban public transport, and urban waste management. Based on a combination of desk research, analysis of collective agreement texts and interviews with trade union and employers' representatives, this report provides an overview of wage fixing processes and bargained pay structures in the four sectors. Particular attention is paid to discretionary space for employers within the scope of the collective agreements, and the impact of the rising statutory minimum wage and high inflation on the structure of the bargained pay systems.

Keywords: collective bargaining, employer discretion, minimum wage, Netherlands, pay scales, wage fixing

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## **BARWAGE**

BARWAGE investigates the potential of collective bargaining as a tool for ensuring adequate minimum wages in the European Union. It explores the size of four wage-setting arenas across EU countries and industries: the national or peak level, sector-level collective bargaining, firm-level collective bargaining, and individual (non-collective) negotiations. BARWAGE uses microdata to identify what share of the workers earning under 110% of the statutory minimum wage are covered by sectoral or enterprise collective bargaining. Using coded data of 900 CBAs from 9 EU countries, the presence and nature of pay scales in the sectoral and firm-level collective bargaining agreements (CBAs) are analysed. To deepen the insight into the impact of collective wage bargaining, national level data will be used to detail the wage arenas in 2 EU countries (Netherlands and Italy). The project lasts 2 years (2022-2024) and includes 6 work packages.

## **Utrecht University**

The Faculty of Social & Behavioural Sciences of Utrecht University is a leader in education and research in the social and behavioural sciences. The Department of Interdisciplinary Social Science deals with issues such as discrimination in the job market, reintegration at work, growing up in a multicultural neighbourhood, developing your individual identity, high-risk behaviour in young people, growing inequality and the accessibility of care. Interdisciplinary Social Science focuses on understanding these complex issues and on finding solutions to the individual and societal problems that play a role in them.

## **Fondazione Giuseppe Di Vittorio**

The Fondazione Di Vittorio (FDV) is a national institute both for historical, social, and economic research, and for trade union education and training of trade union confederation CGIL. The FDV centres its activities around the core issues of work and employment, economics and welfare. Its aim is to put people and their rights back on the centre stage, along with their living and working conditions, their interests and the demands they express, linking all this to the values and ideals that make the CGIL one of the most important social and political entities in Italy.

## **Central European Labour Studies Institute (CELSI)**

Central European Labour Studies Institute (CELSI) is a non-profit research institute based in Bratislava, Slovakia. It fosters multidisciplinary research about the functioning of labour markets and institutions, work and organisations, business and society, and ethnicity and migration in the economic, social, and political life of modern societies. CELSI strives to contribute to the cutting-edge international scientific discourse.

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WageIndicator Foundation collects, compares and shares labour market information through online and offline surveys and research. Its national websites serve as always up-to-date online libraries featuring (living) wage information, labour law and career advice, for employees, employers and social partners. In this way, WageIndicator is a life changer for millions of people around the world.

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## 1. Brief note on this study

This report is part of deliverable D4.1 of the BARWAGE project, in which aim to investigate the space for employer discretion afforded in collective agreements on pay in nine countries. This report analyses the social dialogue and collective wage bargaining in four sectors in the Netherlands: construction, hospitality, urban public transport, and urban waste management. Using desk research, collective agreement texts, and six in-depth expert interviews with representatives from employers' associations and trade unions, these analyses in this report 'read between the lines' of the collective agreement texts in the four sectors. It aims to describe and compare the space left for individual decision making on wages by collective agreements on pay, which helps us understand differences between collectively agreed pay rates and employees' actual wage incomes.

For the Dutch country study, both sectoral trade unions and employers' associations were invited to participate in in-depth, semi-structured interviews. Six experts accepted the invitation and were interviewed between January and April 2024: one interview in the construction sector (trade union representative), two in hospitality (employers' and trade union representatives), one in urban public transport (trade union representative) and two in waste management (employers' and trade union representative). All interviewees have extensive experience in the negotiation of collective agreements on pay, and participated in at least one round of negotiations in the sector for which they were interviewed. The names of interviewees and organisations have been anonymized for this study; in this report, all interviewees are referred to using the non-binary pronoun 'they' to avoid identification.

The interviews lasted between one and one-and-half hours, and were conducted in Dutch following a translated interview guide applied in all nine countries in the study. The interview guide aimed to uncover the whole wage setting process, from the formulation of wage demands/offers to the determination of pay rates and then the wage workers actually receive. As such, they aimed to improve understanding of the level at which and the way in which collective agreements restrict or protect the freedom of individual employers and employees to determine actual wages. Interviewees were asked about the different levels on which they bargained about the adequacy of the collectively bargained pay rates, the structure of the pay system, the process of wage fixing, relevant institutional and legislative frameworks, levels of bargaining, and the quality of the social dialogue.

Similar studies were conducted in eight other European Union member states: Austria, Bulgaria, Czechia, Estonia, France, Italy, Portugal, Spain. These studies can be found on the project site of BARWAGE: <https://wageindicator.org/about/projects/barwage>. The conclusions from the nine country studies are summarised and compared in one final report, which aims to give an accessible overview of employer discretion across the European Union (EU).

## 2. Wages and wage bargaining in the Netherlands

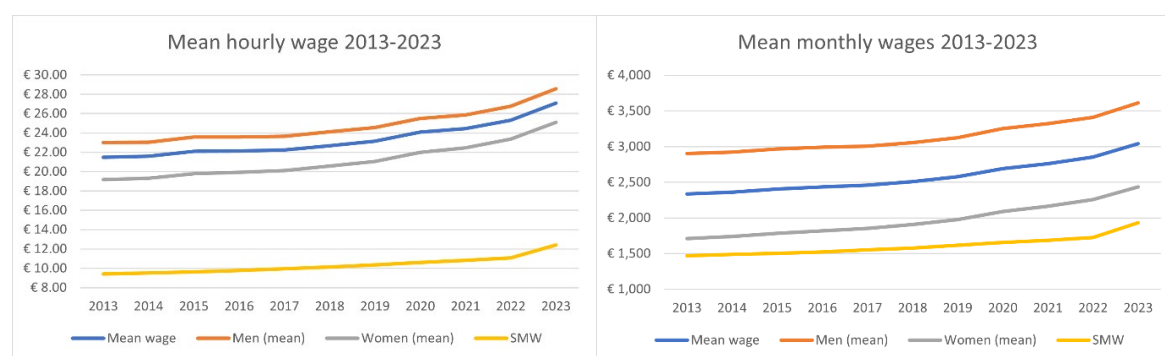
### 2.1 The state of wages in the Netherlands

The Netherlands is a country with nearly 18 million inhabitants (Statistics Netherlands, 2024b), approximately 9,8 million of which were employed or self-employed in 2024 (Statistics Netherlands, 2024a). As figure 1 shows, wages in the Netherlands have grown steadily, especially since 2020. Wages

of men and women grew at the same pace, although a gender pay gap of about €3,50 is clearly visible in the hourly wage. The statutory minimum wage (SMW), which is customarily updated twice per year according to a fixed formula and linked to the development of collectively bargained wages (Besamusca et al., 2021), grew at a comparable pace to average wages, from €1469 per month in 2013 to €1934 a decade later. To earn the SMW implies living around the poverty threshold: in 2021 the *gross* SMW was €1685, while the poverty threshold for one-person households was €1130 *net* per month, or €2170 *net* per month for a household with two adults and two children (van den Brakel et al., 2023). Separate statutory minimum wage rates are fixed for youth workers in the Netherlands; fixing hourly minimum wages as low as €4,10 for 15-year olds, up to €10,94 for 20 year olds and €13,68 for workers aged 21 and over (Berntsen, 2019; Besamusca et al., 2021).

A key characteristic of the Dutch labour market is the high prevalence of part-time work. Almost half of the active labour force (4,7 out of 9,8 million) work under 35 hours per week. Part-time work is especially pervasive among women, 70% of whom are employed on a part-time basis (Statistics Netherlands, 2022). According to Eurostat, the Netherlands has the largest ‘gender hours gap’ in the EU: in 2018, women’s working hours fell 27% below men’s (Eurostat, 2024). In consequence, the gender pay gap in the Netherlands is particularly large when considering monthly or annual incomes. Men, on average, earned over €1.000 more per month than women did in 2023. Both women and men earn at least twice the hourly SMW on average. However, while this is also true for men’s monthly incomes from wages, women’s monthly wages are much closer to the SMW (see figure 1).

Figure 1 Development of mean hourly and monthly wages and adult statutory minimum wages in the Netherlands 2013-2023, by gender



Source: data on month and hourly wages extracted from Statistics Netherlands (2023b); hourly statutory minimum wages computed based on a 36 hour work week, following the official legal methodology introduced in 2024. Only January increases of the minimum wage and only adult minimum wage rates are considered.

Two, overlapping groups of workers have grown as a share of the workforce in the past decade, affecting wages in the country: solo self-employed and platform workers. In 2023, the 1,2 million solo self-employed workers in the Netherlands constituted 13% of the active workforce (Statistics Netherlands, 2024c). In particular, the reliance on a single client and low incomes of the so-called ‘bogus self-employed’ or ‘false self-employed’, triggered concerns that their self-employed status is less entrepreneurial and more a cost-cutting strategy for employers (Conen & Schippers, 2019). Like

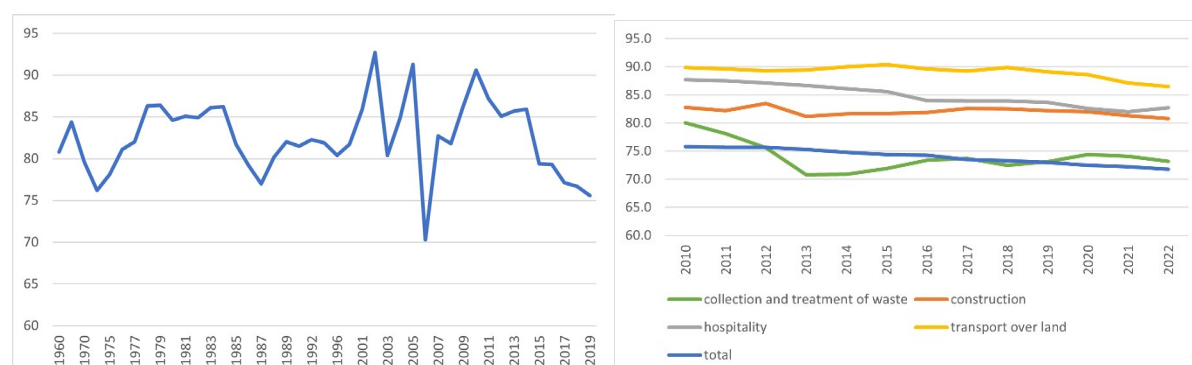
in many EU member states, platform work is simultaneously disrupting labour relations in several sectors, like hospitality, retail, and food delivery (ABU, 2023; Klijs & Smits, 2023). A large number of work-related platforms are active in the Netherlands, including Deliveroo, Helpling, Roamler, Temper, Uber and YoungOnes (Verbiest et al., 2020). Platforms Temper and Young Ones, connecting employers and (mostly young) freelancers, allow space for the negotiation of hourly pay rates and are popular among young workers who perform last-minute, short-term gigs for higher (net) pay than direct hires. These platforms offer gigs posted by employers in hospitality and catering services, commerce, logistics and warehouses, delivery services and distribution, construction, events, retail and cleaning.

## 2.2 Institutional characteristics of collective bargaining on pay in the Netherlands

The Netherlands is a country with traditionally high collective bargaining coverage (OECD & AIAS, 2021). According to data from the ICTWSS Dataset (OECD & AIAS, 2021), collective bargaining coverage fluctuated between 75% and 85% from the 1960s until 2010s, with some upward and downward deviations between 2000 and 2010. Published register data from Statistics Netherlands (Statistics Netherlands, 2023c) estimate slightly lower collective bargaining coverage in the last decade: from 76% in 2010 to 72% in 2022. As figure 2 shows, the four sectors included in this study have coverage rates above the national average.

Despite the continuously high collective bargaining coverage, trade union density decreased from about 40% in 1960 to approximately 15% in 2019 (Checchi & Visser, 2005; OECD & AIAS, 2021). In large part, the high collective bargaining coverage rate in the Netherlands exists by virtue of the high degree of organisation among employers (around 85% in 2018 according to the ICTWSS), who see sector collective bargaining on pay as an instrument to guarantee a level playing field, i.e., to avoid being undercut by unaffiliated employers. Perhaps in consequence, the Dutch industrial relations system has traditionally made use of extension mechanisms to ensure provisions bargained in sectoral collective agreements are applicable to unaffiliated employers too (Hayter & Visser, 2021; Martins, 2021; Paster et al., 2020).

Figure 2 Collective bargaining coverage 1960-2022 in the Netherlands and the four sectors in the study



Source: historical time series 1960-2019 extracted from ICTWSS (OECD & AIAS, 2021); sector breakdown 2010-2022 from Statistics Netherlands (Statistics Netherlands, 2023c)

### ***Centralisation of wage bargaining***

Another key factor in the high collective bargaining coverage of the Netherlands is the predominance of sector level bargaining. The Ministry of Social Affairs and Employment (2022) reported 173 sector level collective agreements, registered with the ministry by the bargaining partners, were valid or ultra valid in 2020. These 173 agreements covered 91,6% of all employees covered by a collective agreement. According to the same data, about 15% of covered employees were covered due to the extension of collective agreements to unaffiliated employers in the sector. Sector level collective agreements that are not extended do exist, and are referred to as ‘voluntary’ collective agreements in the Dutch context (Mevisen et al., 2015).

While there were actually more valid or ultra valid firm level collective agreements in the same year (485 collective agreements), they only covered 8,4% of all covered employees. Firm level agreements can exist in sectors not bargaining on the sector level or in sectors that do negotiate a sector level collective agreement. The latter occurs almost exclusively among large firms, who then apply for dispensation from the sector level agreement and are covered through the firm level agreement only (Ibsen & Keune, 2018). As such, the Netherlands does not have a nested bargaining structure such as exists in countries like Spain and Italy, where provisions in firm level agreements complement those in sector level agreements or vice versa (Leonardi, 2024a, 2024b). The application of sector collective agreements may overlap with the extended, sector level collective agreement for temporary agency workers, which tends to be described in the text of the respective sector level collective agreements.

Collective bargaining in the Netherlands, due to the predominance of sector level bargaining, as well as a tradition to include detailed pay scale tables in collective agreements, is relatively centralised and prescriptive. However, sector level collective agreements differ in the extent of employer discretion they allow. In a shift that Ibsen and Keune (2018) refer to as ‘organised decentralisation’, a growing share of sector collective agreements move away from the ‘standard’ model of collective agreement, whose provisions must be implemented by employers without deviation, towards ‘minimum collective agreements’, which allow individual employer to offer superior pay and working conditions from those in the collective agreement. According to van den Aamele and Schaeps (2014, cited in Ibsen & Keune, 2018), the ‘standard collective agreements’ were a minority by 2014. Furthermore, rising numbers of collective agreements include provisions allowing employers and employees to pick and choose a share of their working conditions (e.g., to work more weekly hours to save up extra annual leave days, to be paid overtime in cash or in rest days, to use part of the annual holiday bonus for sabbaticals or the tax-free purchase of bicycles) (Boumans, 2022).

Coordination of wage bargaining and interplay with the statutory minimum wage  
In the last decades, coordination of wage bargaining in the Netherlands has mainly stemmed from a close relation between the statutory minimum wage and collective bargaining wage floor (de Beer et al., 2017) and non-binding memorandums on bargaining priorities that the major trade union confederations issue annually (OECD & AIAS, 2021). The relevance of the statutory minimum wage as a benchmark in collective wage bargaining differs per sector because some collectively agreed wage floors skirt close to the SMW level (or are even pegged to the SMW) while other collective agreements negotiate wage floors exceeding the SMW by some margin. Comparing collectively agreed wage floors to SMW levels, De Beer and colleagues (2017) show that the most common (mode) wage in collective agreements in 2015 was about 40% above the SMW. However, an equally large share of collective



agreements contained wage floors below the SMW (most commonly because of SMW uprating after the start date of the collective agreement). For those collective agreements more affected by the SMW, two relevant developments took place in the last two years. First, like in many EU Member States, the SMW was increased substantially due to the combined influence of high inflation and the adoption of the EU Minimum Wage Directive (Schulten & Müller, 2021). In the Netherlands, the SMW from €9,96-€11,06 per hour<sup>2</sup> in January 2022 to €13,68 in July 2024, amounting to an increase of at least 24%. Secondly, prior to 2023 the official and legally valid SMW was published as a monthly amount, and the hourly minimum wage was allowed to vary based on weekly working hours. From 2023, the official SMW amount will be published as an hourly amount. While this was known among social partners, the government decision to fix the SMW based on the amount previously associated with the 36-hour work week, led to a steeper than expected increase.

Annually, trade union confederations will publish a 'wage demand' in September or October, which sets out a specific target for negotiators in the federations (e.g., 5% improvement of purchasing power for members). This target is usually a single percentage (as above) or a small range (e.g., %3-5%). Due to large differences in the extent to which inflation had been incorporated in the different collective agreements in the last bargaining round, which took place at different moments in time across sectors, the wage demand published by the largest trade union confederation (FNV) was a range between 5% and 15% (FNV, 2023). In addition, trade union FNV's memorandum for 2024 included a target for the lowest wage floor to be set on or above €16 per hour and the aim to include indexation clauses.

*[1] Also, there is an employment conditions memorandum that is announced annually in October. That takes a broad outlook, of course: what is currently happening in the Netherlands, what is labour productivity doing, what is inflation doing? Based on a lot of components, the FNV announces a kind of wage demand at some point. [...] But in the last bargaining season, it was of course quite broad, because there were a lot of differences in the companies, in the sectors; and that of course has everything to do with inflation and collectively bargained wage increases again. So in one company, the collective agreement was concluded before this inflation madness, so to speak, and nothing was repaired in the meantime. And in another collective agreement, a lot did happen. So we had quite a broad wage demand: between five and, what was it, between 5 and 15 per cent it was. That's quite new also for us. Normally the FNV says: our wage demand is 3 percent or 5 percent. - Trade union representative*

Based on the confederation bargaining agenda, economic conditions and developments in the sector, workers' purchasing power, and input collected from members, trade union negotiators of the different collective agreements commonly prepare a proposal letter, which sets out their priorities and, crucially, the wage demand. Negotiators for employers' associations in the study related their wage offers to developments of the consumer price index (CPI) and input collected from members, but also commonly used tools to benchmark wages in their own sector against adjacent sectors that employ similar occupational groups, and that employees could potentially leave the sector for. Collective agreements often contain multiple pay increases, for example once every half a year, based

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<sup>2</sup> The statutory minimum wage on the 1<sup>st</sup> of January 2022 was fixed as a monthly wage, and amounted to €9,96 per hour for a 40-hour work week, €10,48 for a 38-hour work week, and €11,06 for a 36-hour work week.

on estimates regarding economic developments in the sector, statutory minimum wage uprating, and employees' purchasing power.

While not all collective agreements contain pay scale tables, the large majority do (Besamusca et al., 2018; Jansen, 2021). Therefore, the collectively bargained wage increases in the collective agreements are used to update the pay scale tables (pay grid) in the text, which will display, for example, an overview of pay ranges per job from 1 January 2023, from 1 July 2023, and so on, depending on the number of wage increases that were agreed. It is common for pay grids to contain 'career families', corresponding to different operational divisions, and 'job families', which are jobs belonging to the same type of occupation at different levels of mastery (Armstrong, 2007). Levels are often differentiated on the basis of independence of the employee (i.e., not requiring detailed instruction and supervision to conduct job tasks) or the supervision of juniors in the same job family (e.g., foremen). The different levels in these job families tend to be linked to different salary groups; The salary group at the higher skill level will have higher starting and maximum pay rates, although the ranges of these salary groups can overlap.

### 3. Construction sector

#### 3.1 Employment and social dialogue in the construction sector

In 2023, the Dutch construction sector employed about 664.000 people, almost half of whom (306.000) were self-employed workers (Statistics Netherlands, 2024e). Based on research in the sector, the EIB institute (EIB, 2023) reaches similar estimations of the number of employees (in FTE equivalents), but concludes solo self-employed work the equivalent of 153.000 full-time jobs, about half of the number of self-employed *Statistics Netherlands* estimates are employed in the sector. The remaining 358.000 workers in the sector were employees; the vast majority (274.000) were employed on permanent contracts. Smaller shares of construction sector employees were employed on temporary contracts (14%), shareholding director (7%), on an on-call basis (3%), as interns or temporary agency workers (under 1%) (Ibid). With almost 88% of workers in the construction sector being men, it is the most male dominated sector in the Netherlands, and also the sector with the lowest incidence of part-time employment (19%) (Statistics Netherlands, 2022).

Two major career families exist in the sector: firstly, construction site occupations, filled by skilled craftsmen holding vocational education degrees. Carpenters are by far the largest job family in this group, which also includes steel fixers, tilers, crane operators, etc. The second career family includes white collar, office based occupations. The largest occupational groups in this career family are project managers<sup>3</sup>.

According to Statistics Netherlands (2023a), 270.688 firms were active in the construction sector in the third quarter of 2024. An overwhelming 87% of construction businesses were run by solo self-employed workers. A further 11% employed between 2 and 10 people, and 1.7% employed 10 to 50 people. Some 755 firms employed between 50 and 250 people, and 138 firms employed more than 250 people. As trade union representatives explain, the solo self-employed businesses often form part

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<sup>3</sup> Dutch: *uitvoerders*

of the supply chain of the larger firms, who acquire large scale construction projects like infrastructural or housing development projects. The main contractor often subcontracts part of the work to smaller firms, who may subcontract some of their tasks to smaller firms and solo self-employed businesses, creating many layers of subcontracting on a single construction site. Over the past years, the inclination to outsource or subcontract substantial shares of construction projects has grown. This has changed the sector, resulting in fewer large employers (in construction of buildings sector, notably Dura Vermeer, BAM group, Heijmans, Strukton), and more micro and small firms being active in the sector.

*[2] The number of large companies with a lot of employees is also decreasing. Precisely because large companies are saying, 'We don't want to employ the hands any more, we want to be more of a management company', a lot of workers, for example bricklayers, have not been employed by large companies for many years. I do notice ups and downs in that. I find this interesting because [company name anonymized] recently acquired a number of bricklaying companies. They had noticed that if you want to hire a bricklayer as a main contractor, you have to go to the back of the queue. - Trade union representative*

### ***Social dialogue in the construction sector***

In the sectoral social dialogue, workers are represented by two trade unions. FNV Bouwen en Wonen<sup>4</sup> is a union under the FNV confederation. CNV Vakmensen<sup>5</sup> is a trade union federation representing primarily crafts workers, and is affiliated with the CNV confederation. Four employers' associations are involved in the social dialogue: Bouwend Nederland<sup>6</sup> (Building Netherlands) is the largest association and unites 4.600 employers in the construction of buildings and construction of infrastructure sector. The Aannemersfederatie Nederland (Contractors' Federation Netherlands) is an umbrella organisation representing about 1200 small and medium size enterprises in 11 specialised employers' associations (e.g., the association of scaffolding entrepreneurs)<sup>7</sup>. Woningbouwers Nederlands<sup>8</sup> (Home Constructors Netherlands) represents 96 firms, or business divisions, specialised in the building of residential homes. The Vereniging van Waterbouwers (Association of Water Builders) represents about 90 firms, or business divisions, specialised in construction on water. Large firms in the sector tend to be affiliated with multiple employers' associations to cover the different activities of the enterprise.

The social dialogue in the construction of buildings sector takes place on the sector level only, and is well-established with mostly constructive relations between employers and trade unions. The bargaining partners negotiate a so-called 'minimum collective agreement', which allows employers to offer pay and working conditions superior to those negotiated in the collective agreement but never to fall below the level of the bargained provisions. The current agreement covers the year 2024 and is valid for one year (Bouwend Nederland et al., 2024). As is traditional, the agreement has been

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<sup>4</sup> <https://www.fnv.nl/cao-sector/bouwen-wonen>

<sup>5</sup> <https://www.cnvvakmensen.nl/bouw/bouwnijverheid/>

<sup>6</sup> <https://www.bouwendnederland.nl/>

<sup>7</sup> <https://www.aannemersfederatie.nl/>

<sup>8</sup> <https://woningbouwersnl.nl/>

extended to cover all employment in the sector. Trade union representatives attribute a large part of employers' willingness to negotiate a collective agreement in the sector to the possibility for extension.

*[3] The extension of the collective agreement is very important for the employers too; that is the only reason they want to conclude a collective agreement with us. If we did not get it, the desire for a collective agreement would also be gone immediately. – Trade union representative*

While the extension of the collective agreement seems guaranteed for the next years due to the large share of employers represented in the employers' associations<sup>9</sup>, the abovementioned rise in subcontracting practices have had consequences for the collective bargaining coverage in the construction sector. While collective bargaining coverage in the macro-sector of construction remained relatively stable between 2010 and 2022 (declining from 83% to 81%), coverage in the construction of buildings sector declined from 83% in 2010 to 76% in 2022 (Statistics Netherlands, 2023c), dropping the sector below the target set out in the EU Minimum Wage Directive. The decline of collective bargaining coverage has also sparked concerns about the sustainability of the social dialogue in the sector, where the bargaining partners have traditionally collaborated in bipartite organisations that aim to promote sustainable employability and lifelong learning in the sector, and whose finances are threatened by the decline of collective bargaining coverage.

*[4] We see that most of all on the construction sites - 119.000 people are covered by the construction sector collective agreement right now<sup>10</sup>. That was the state on the 1st of February [2024]. Between 400.000 and 500.000 people are at work on the construction sites themselves, according to the EIB<sup>11</sup>. These are self-employed workers, 135.000 of whom also carry out construction activities, according to the EIB. So that number of self-employed workers is higher than the number of employees under our collective labour agreement. The number of temporary agency workers is not registered anywhere because that is not recorded on construction sites. We would like a registration system, but there is none. So that is now estimated at between 25.000 and 30.000 [workers]. I have also heard estimates of between 40,000 and 60,000 temporary agency workers. So what we see mainly on the construction site is that the proportion [of workers] covered by our collective agreement has been declining in recent years compared to the rest. And that does create some support issues, or challenges to the future. For instance, maintaining training: what are subsidies for our learning and development funds, paid from the wages of people covered by the collective agreement, used for? We do periodic medical examinations of construction workers. We have set up an organisation for that, which also conducts career development interviews with people. All of that costs money. And we keep those organisations going with less and less collective money. That is a challenge for the future. I do think of that as a problem, the workforce composition on the construction sites. – Trade union representative*

<sup>9</sup> The Dutch Ministry of Social Affairs and Employment grants bargaining partners' requests for the extension of sector level collective agreements based on a 'representativeness check', which evaluates the extent to which the signatories in the *employers* side are representative of all employers in the sector.

<sup>10</sup> The Ministry of social affairs estimates another 150.000 employees are covered by other collective agreements in the construction sector, like painting or roofing

<sup>11</sup> The Economisch Instituut voor de Bouw (EIB) conducts market research and applied economic research in the construction sector <https://www.eib.nl/>

### 3.2 Characteristics of wages and wage bargaining in the construction sector

The construction sector is a sector that pays at levels close to the national average, offering higher starting wages than many other sectors, but with relatively slow wage growth over the span of a career. At €27,42 euro, the average hourly wage in the construction sector fell just above the nationwide average of €27,10 per hour in 2023 (Statistics Netherlands, 2023b). Owing to the prevalence of full-time employment in construction, monthly and annual wages in the sector exceeded the national average by a larger margin (€3.814 compared to €3.042 and €50.850 compared to €42.340, respectively).

Table 1 Mean gross wages in the construction sector in 2023, by gender

	Women	Men	Total
Mean gross hourly wage €	€25,63	€27,62	€27,42
Mean monthly wage (excl. overtime)	€2.661	€3.997	€3.814
Mean monthly wage (incl. overtime)	€2.672	€4.061	€3.871
Mean annual wage (excl. premiums and allowances)	€32.060	€48.740	€46.450
Mean annual wage (incl. premiums and allowances)	€35.140	€53.340	€50.850

Source: Statistics Netherlands (2024d)

The sector wide collective agreement *Bouw en Infra* sets wages for two career families in construction: for waged craftsmen employed on construction sites<sup>12</sup>, and for salaried white collar executive, technical and administrative job functions (*uta*)<sup>13</sup>. Several provisions in the collective agreement, including chapters on wages and work hours, are split by these two career families. Each has their own pay scale tables for core job functions in the career family, and so-called ‘starting wages’ for employees who have under one year of experience in the construction sector, including experience gained in any previous construction sector job.

Despite the inclusion of pay spines and job function descriptions, the effective wage fixing capacity of the construction sector CBA is limited and substantial wage fixing is conducted by individual employers or between individual employees and their employers. A key factor encouraging non-collective negotiation and unilateral wage fixing by employers, is the inclusion of only wage floors in the collective agreement.

#### ***Pay systems in the construction site career family***

The 2024 Bouw and Infra collective agreement contains multiple sets of pay grades for the construction site workers: five regular pay grades for adult workers, three pay grades for workers under 21 that depend on the employee’s highest achieved vocational education qualification, a set of pay grades for employees who are employed as a part of their full-time vocational education programme, and starting wages for new employees. The lowest pay rate for adults in the construction site career family in 2024, was the starting wage (€14,09 per hour). Starting rates, which will be abolished from the 1<sup>st</sup> of January 2025, are calculated using a fixed formula that takes the statutory minimum wage and lowest bargained pay grades as input (art 4.5.2). Next to the youth and apprentice

<sup>12</sup> Dutch: *bouwplaats*

<sup>13</sup> Dutch: *uitvoerend, technisch en administratief (uta)*

pay scales, the starting wages (ranging from €5,13 per hour for 16-year olds to €14,09 for workers of 21 years and older) are the only pay rates in the collective agreement that fall below the trade union target of €16 per hour.

In addition to the starting wages, the collective agreements contains pay scale tables for the regular job functions in the two career families, construction sites and uta. The pay system in the construction site career family is based on hourly wages. The collective agreement allows for payment of wages per month or per four-week period (art 4.7.1), but the latter is the norm in the sector. Most firms pay thirteen four-weekly wage periods rather than the traditional 12 monthly payments. In effect, the CBA works with a (short) salary spine, rather than salary tables including periodic increases (steps) that are common in many other Dutch CBAs. As figure 1 shows, the pay system includes five pay grades (A through E), for which minimum payable hourly wage rates are agreed. The lowest pay grade (A) contains employees performing unskilled work that does not require vocational education degrees (e.g., loader). Starting and inexperienced craftsmen working under supervision of a senior colleague are allocated in grade B (e.g., carpenter II). Grade C contains independently working professionals in crafts requiring relatively limited vocational training (e.g., tiler). Qualified craftsmen working independently are in grade D. This includes carpenters (carpenter I), who constitute by far the largest occupational group in the construction site career family. Finally, the highest pay grade (E) is reserved for employees with highly specialised professional skills (e.g., deep foundations specialist) and craftsmen in supervisory positions (e.g., foreman). Currently, the bargaining partners are working on large-scale revision of the job function grid, which will most likely create more levels in some job families (from carpenter I-II to carpenter I-II-III) and may increase employer discretion over the classification of employees in different pay grades.

Figure 3 Pay grades for construction site career family included in the 2024 construction sector collective agreement

**Tabel 4.2** *Garantieloon bouwplaatswerknemer 21 jaar of ouder (euro per uur)*

functiegroep	1/1/2024 (periode 1)	1/7/2024 (periode 8)
A	16,56	17,43
B	17,52	18,42
C	18,60	19,54
D	19,87	20,86
E	20,85	21,87

Source: Bouw & Infra collective agreement (Bouwend Nederland et al., 2024)

As shown in figure 3, the pay scale tables include the minimum payable amounts only, while employers are permitted to offer higher wages under the terms of the collective agreement. In this manner, the collective agreement offers substantial employer discretion on pay in the construction site career family. To pay above the so-called *guaranteed wages*, the bargained wage floors in the five pay grades (A through E), employers can apply a so-called performance premium<sup>14</sup> (art 4.6). The performance premiums, if applied, are a structural wage component. The basic pay rate from the pay scale table

<sup>14</sup> Dutch: *prestatietoelage*

for the relevant pay grade, plus the potential performance premium, together form employees' agreed wages. These are referred to in the collective agreement as the *fixed agreed wage* (VOL<sup>15</sup>). This fixed agreed wage is the basis for the calculation of social security contributions, pension payment, holiday bonuses, etc.

The performance premiums create substantial wage inequality in the sector, both between and within firms. A trade union representative estimates that performance pay constitutes between 10% and 20% of worksite employees' wages on average. Large firms, especially those headquartered in more urban areas, can pay large premiums on top of the basic, bargained pay rates. However, small firms and those located outside the largest urban region (the Randstad), may not apply any performance premiums.

In addition, employees in a single firm need not receive the same performance premiums. A trade union representative explains that some firms base performance premiums on individual performance. In so doing, they use the performance premium to link employees' performance evaluations to a percentage wage increase, effectively creating some kind of periodical steps within the pay grade on the firm level. Other employers might use the performance premiums at the moment of hiring, to adjust for labour market shortages or for new hires' previous incomes. In this latter case, the interview participant reports that performance premiums might be primarily dependent on an employee's negotiation skills, and lead to wage differences between colleagues that are hard to explain.

*[5] That can vary a lot. For example at [company name anonymised]: they have agreed on a performance-based promotion system where appraisals and performance reviews are the basis for the wages you can receive on top of your guaranteed hourly wage. They have a set schedule for that, with a maximum performance bonus in percentages, I believe 20 per cent, to be achieved in increments, from 2 to 20 [per cent], depending on the appraisal you get. And so it could be that in a construction site, one person might get 10 per cent and another might get 15 per cent. But they can then compare their performance appraisal reports and that should show why the difference exists. So that system is not in the collective agreement, but is up to the company itself. In other companies, there is a labour market allowance. So that can also create differences: if you are hired in a time of [economic] crisis for example, you probably have a different performance bonus than now, because it is harder to find people. That does cause friction between people. Because if you've been there for 10 years and so you're loyal to your employer, you might have a lower salary than someone who has just come in. And there, yes, that never goes well for too long. That's going to cause friction. – Trade union representative*

A second source of employer discretion on pay, is embedded in the initial allocation of employees into pay grades, and the opportunities for salary growth in subsequent years. In many job families (e.g., carpenters) on the construction site, employees' allocation into a pay grade is dependent on employers' assessment of the extent to which they perform their work independently or under supervision. The trade union interviewee explains that advancement through the salary grades (e.g., promotion from carpenter II in grade B to carpenter I in grade D) or salary growth within the pay grade

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<sup>15</sup> Dutch: *vast overeengekomen loon*

(e.g., a higher performance premium), is not a given in many firms. Employees are mostly required to actively advocate for themselves, and often have to switch employers to realise career or salary advancement. Thus, for many employees in the construction site career family, once they have reached the highest job function in their job family (e.g., carpenter I), the negotiated pay increases in the collective agreement are the only path to salary growth, if they stay at their current employer. While, in theory, employees can (re-)negotiate their performance premiums with their employers, many craftsmen are not in direct contact with any head office staff authorised to negotiate on wages. And in larger firms, internal pay systems often do not allow for individual negotiation.

*[6] Too many construction sector employers do that. As long as someone doesn't whine, as long as someone doesn't make demands, we just leave things as they are. And only when he leaves...then there's the shock of, 'hey, I'm losing a good worker, that's a shame'. And then they come with an offer. But by then, the damage has already been done. – Trade union representative*

The pay system in the office-based uta career family, who are salaried workers, contains six regular pay grades detailing minimum and maximum monthly salaries<sup>16</sup>, without any intermediate steps (Figure 4), youth rates (until 21 years) for the first three pay grades, and starting salaries for employees who have under a year of work experience in the sector. The starting wages range (art 4.11) from €799,97 for 16-year olds to €2322,39 for employees of 21 years and older, thus falling substantially below the regular pay grades. The starting wages will be abolished per 1 January 2025, much to the satisfaction of trade unions, who object to the starting wages due to their tendency to fall below the statutory minimum wage after upratings, and their disincentivizing effect on young workers' choice for the construction of buildings sector

*[7] The uta starting wages are something of a disgrace for the construction industry, I think. Because those uta starting wages, for jobs we face major shortages in, we have to keep them close to the minimum wage every year, and this time it happened again. And especially now that the minimum wage is recalculated based on the hourly salary, quite a few of those amounts in the starting wages table were suddenly below the minimum wage again. I find that annual exercise - of what is our starting table and what is the minimum wage, and which one are we going to raise to at least that level? Yes, I think that for much sought-after professionals, where there has been a severe shortage for years, while far too few students choose this profession, I think the presence of such a starting wages table in the collective agreement is a disgrace. So, we will happily say goodbye to that next January. – Trade union representative*

The link between pay grades and jobs is less clear cut in the uta career family compared to the construction site. The collective agreement describes 25 job families, for example, project management<sup>17</sup>, construction work scheduling clerks<sup>18</sup>, human resources or bookkeeping. For each job family, broad task descriptions explain the distinction between activities and responsibilities

<sup>16</sup> Under the collective agreement, employers may choose to convert the monthly salaries to four-week salaries (by dividing the sum of 12 times the monthly salary by 13 four-weekly periods).

<sup>17</sup> Dutch: *uitvoering*

<sup>18</sup> Dutch: *werkvoorbereiding*



associated with the job at the different pay grade levels (1 through 6)<sup>19</sup>. Next to employees' actual job tasks, employers may consider the company size and the project size in determining which pay grade is associated with a specific employee's job. As such, the pay scale tables in the uta career family afford considerable employer discretion in regard to the allocation of employees into pay grades than the construction site career family.

Figure 4 Pay grades for office-based career family included in the 2024 construction sector collective agreement

*Tabel 4.9 Salaris uta-werknemer 21 jaar of ouder*

functieniveau	1/1/2024 (periode 1)		1/7/2024 (periode 8)	
	minimum	maximum	minimum	maximum
1	2389,14	3127,85	2522,76	3287,32
2	2621,20	3481,21	2762,94	3653,05
3	2918,51	3925,01	3070,66	4112,39
4	3306,80	4512,07	3472,54	4719,99
5	3812,73	5275,08	3996,18	5509,71
6	4470,33	6263,33	4676,79	6532,55

Source: Bouw & Infra collective agreement (Bouwend Nederland et al., 2024)

The uta pay scale tables contain minimum *and* maximum payable amounts. However, in the interview, it transpired that the maximum payable amounts are not, in fact, a binding pay rate. It is a guideline that employers need not follow, thus creating a situation similar to the construction site career family in practice. Elsewhere in the text of the collective agreement (art 4.9.2), the bargaining partners did negotiate a kind of minimum growth rate for uta salaries: employees' wages should rise to at least 104% of the pay grade's basic rate after two years of tenure on the job, 110% after four years, and 116% after six years. Short of the minimum payable rates in the pay scale table and mandatory salary growth in six years, remuneration is decided at employers' discretion, or in negotiations with individual employees. Contrary to the construction site pay system, payments above the basic guaranteed uta pay rates are not implemented through performance premiums, but simply leave the determination of the actual level of monthly salaries to individual employers.

Similar to the construction site career family, the individual negotiation of actual wages causes substantial inequality between uta employees. In the uta career family, these inequalities, as well as the distance between bargained and actual wages, is much larger than on the construction site. There are large differences in pay in the construction sector based on firm size and geographical region. Furthermore, the sector's worst labour shortages are in the uta career family, improving the bargaining position of uta employees. Monthly salaries can exceed the collectively bargained uta pay rates by thousands of euros in large Randstad based firms. Especially uta employees in technical staff

<sup>19</sup> Dutch: *functieladder*

functions can earn substantially more than the collectively bargained pay rates (in large firms), although they also tend to work excessive and structural unpaid overtime.

*[8] And what you see, especially in jobs where it is difficult to find people, and that is currently the case for example in the technical positions in the uta section, i.e. the project manager, the construction work scheduling clerk, the tender manager. These are all people who, well, need a hefty base in engineering to do that kind of work. Those people are scarce and then you see that their salaries often do not match those we included in the collective agreement. People sometimes say to us: 'I won't get out of bed for that'. But that also varies a lot depending on the size of companies. And we actually only have a handful of companies with more than 50 employees. Most of the companies are small, so 5 to 20 employees. If you are a project manager there, for example, you will probably earn a lot less than your colleague doing the same job at [company name anonymized] or [company name anonymized].– Trade union representative*

### **Additional wage components**

In addition to the regular wages, or the fixed agreed wage (including basic pay rates and performance premiums) for construction site workers, employees in the sector have access to a range of premiums and allowances related to work hours and annual leave. These premiums include provisions for consignment hours, shift work, premium pay rates varying between 130% and 200% for work before 07:00, after 19:00 and on weekends. Construction site employees can earn overtime pay. Uta employees, who trade unions note work structural overtime hours, are not specifically compensated for these hours. This is currently a major debate in the sector, as employers' representatives argue that overtime compensation is implicitly included in the paid monthly salaries when these are set above the bargained pay rates. Several studies have been conducted to assess the scale of unpaid overtime but yet offered a resolution to the debate.

Both career families make use of a so-called 'time savings fund' (TSF), which functions as a type of savings account that employees can use for different purposes. The largest component contains the holiday allowance of 8% of annual wages (13<sup>th</sup> month) and the wages associated with 18 annual leave days for construction site workers, or 13 days annual leave days for office workers. In consequence, leave days used by employees are unpaid at the moment they are used, because the money is saved in the time savings fund. The TSF does negatively affect net wages in the sector, as taxes on the deposits into the TSF funds are deducted from the four-weekly salary. This implies that the gross to net wage conversion of monthly or four-weekly salary payments leaves construction workers with relatively low incomes, but it also means that the amounts saved in the TSF funds are net amounts.

A survey among trade union members, conducted about two years ago, indicated that 85% of trade union members strongly supported the existence of the TSF, and many employees use it to save money for a large expense once per year. The same survey indicated that members of the employers' associations did not have strong preferences for the maintenance or abolition of the TSF. Therefore, despite concerns among bargaining partners that the TSF negatively affects net monthly spendable income, the TSF will continue to exist for the foreseeable future.

A second component of the time saving fund is the sustainable employability budget (art 4.14.3). Employers pay 4,36% of worksite employees' fixed agreed wage, or 2.18% of office employees'

salaries, into a sustainable employability fund intended for the upskilling and reskilling of workers in the sector. The TSF sustainable employment budget, however, can also be used by employees of 55 years and older to finance the transition to a four day work week at full pay and full pension reservations.

Finally, employees in the construction site career family are paid for hours spent travelling to their place of work, acknowledging they do not have the possibility to live close to their place of work, since construction sites differ per project. These hours are paid at the hourly wage of pay grade A. All travel hours are paid for drivers, while passengers are paid from the second hour of travel. According to the trade union interviewee, construction workers in larger companies, who operate nationally, usually get paid travel hours. In addition, for trade unions, the payment of travel hours poses an incentive for employers to minimise travel time for employees.

### 3.3 Uprating of wages and minimum wages in the construction sector

In the past years, the *Bouw en Infra* collective agreements have covered periods of one year, although before 2022 they often used to cover two-year periods. Most commonly, the collective agreements include half-yearly pay increases, negotiated as a percentage increase by which all wages rise, and are extended to cover unaffiliated employers in the construction sector.

Having built a two euro margin between the statutory minimum wage (SMW) and the lowest hourly pay rate in the regular pay grades (grade A for construction site workers; grade 1 for uta workers), the developments surrounding the Dutch SMW play a relatively small role in the formulation of wage demands ahead of collective bargaining rounds. The trade union interviewee explains that, since the wage floors already exceed the SMW, the union prioritises the goal to keep pace with inflation to maintain purchasing power. The main focus during the bargaining rounds, is on the adequacy of wages in the most populated pay grades, notably grade D for the construction site career family, and project managers and construction work scheduling clerks in the uta career family. Since collective agreements in the sector tend to negotiate a fixed percentage increase for all pay grades, the lowest pay grades will grow at the same pace. While the SMW in the Netherlands is not directly linked to inflation (but to the development of collectively bargained wages), the logic of the union is that by keeping pace with inflation, the distance to the SMW will be maintained. Since the lowest regular pay grades already comfortably exceed the SMW, this does not lead to clashes unless the level of the SMW relative to median wages (Kaitz index) changes.

*[9] Look, employers basically already find it bothersome that wages for the lowest paid in construction are above 16 euros. So employers won't mind if the minimum wage and our pay system converge a bit more. But we agree the same percentage wage increase for those in pay grade D as for those in grade A. We don't want any differentiation. So as long as we stay on the right side of the inflation adjustment, then the distance between the minimum wage and wage group A remains big enough for us [...] So the minimum wage in our collective agreement is not something we actively look at. We do keep an eye on it, of course, because if our wage development in the construction collective agreement were to lag behind the average for the Netherlands, on which the increase in the [statutory] minimum is based, yes, then we would have a problem. But in that case, we will see that for ourselves from the outcome of our collective bargaining negotiations– Trade union representative*

The wage increases negotiated in the collective agreement are binding for all employers and need to be applied to actual wages (art 4.12.1). In the construction site career family, the understanding is that the wage increases are applied to the *total agreed wage*, consisting of both the pay grade wage floors and performance premiums. For uta workers, the wage increase must be applied to the actual salary. Thus, employers cannot recuperate the cost of a collectively bargained wage increase by reducing performance premiums, or maintain employees' current wage levels as long as they do not fall below the bargained wage floors.

Reflecting the limited effective wage setting power of the collective agreement, the uprating of the collectively bargained pay rates takes account of purchasing power developments, but not of actual wages in the sector. Despite large shares of employers paying wages above the collectively agreed pay rates, it has proven difficult to reduce the distance between bargained and paid wages.

*[10] We see that the average wage is higher than the wage floors in the collective agreement. So we are trying, for example in the redesign of the pay structure, to make the actually paid wages form the basis for the pay structure - for the minimum of the pay structure. That is a discussion the employers do not want to have. So we use arguments like: the collective agreement should reflect practice, at least when it comes to the salary structure. Employers don't think so. They want to keep that freedom, to have room to pay more or less in individual cases, but not less than the bargained wage floors. – Trade union representative*

In the last bargaining round, contrary to tradition, the bargaining parties agreed to uprate wages in the sector based on a mix of nominal and percentage wage increases (3,5% plus €50 per month pay hike per 1 January 2024, and again per 1 July 2024). For most employees, this amounts to an almost 10% increase of wages, taking into account that the performance premiums, defined as a percentage of basic pay rates, will rise too. The historic pay hike was negotiated in part to compensate for the 5% wage increase negotiated in the 2023 collective agreement, which fell behind the growth of the consumer price index despite being, at the time, the highest negotiated pay increase in the sector ever. In part, it also stems from an intensifying debate about the payment of, currently unpaid, overtime to technical employees in the uta career family, who multiple studies have shown do structurally work more hours than agreed in the collective agreement.

*[11] Employers would never have tabled that 10 per cent increase if we had not been very intensively engaged in that uta discussion as well. So there is a connection. They bought that off. They knew that if they proposed 10 per cent in our final offer, most people would agree. Without that uta discussion, they never would have. - That is my firm belief, and I have also heard it confirmed by some employers. - they would never have put that 10 per cent offer on the table. To get rid of that discussion about the uta staff, to postpone and buy that off for another year; but next year we will come back to it again. – Trade union representative*

## 4. Hospitality sector

### 4.1 Employment and social dialogue in the hospitality sector

According to Statistics Netherlands (2024e), the Dutch hospitality sector employed about 582.000 people; research commissioned by employers association Koninklijke Horeca Nederland (KHN) estimated that in 2022, as the COVID-19 pandemic started to recede, 508.000 people were employed in the sector (Elfferich & Hoof van Huijsduijnen, 2023). On average, hospitality is a gender balanced and young sector: 49,4% of employees are women, and 70% of employees are under 35 years of age (Statistics Netherlands, 2024e). According to Statistics Netherlands, only 23% of workers in the sector were employed on permanent contract, falling far behind the national average of 61%, and over half (54%) were employed on on-call contracts, more than in any other sector in the country (Statistics Netherlands, 2024e). Employers association KHN estimates that hospitality employees' average tenure at their firm is 2,5 years, with the highest turnover found in the restaurant sub-sector. In 2021, 67% of workers in the sector were employed on a part-time basis (Statistics Netherlands, 2022). In regard to educational background, two major groups can be identified: workers who completed or are currently completing vocational education degrees related to hospitality, and non-specialized workers. The latter are overwhelmingly young workers whose employment in the sector is temporary and often performed next to their enrolment in full-time education in another field.

According to Statistics Netherlands, 80.180 firms were active in the sector in 2024 (Statistics Netherlands, 2023a). The sector is characterised by small firms: 55% of businesses were solo self-employed persons, 37% employed 2 to 10 persons. Only 455 firms employed between 50 and 250 people, and 60 firms employed more than 250 people. Interviewees in the sector indicate that the larger firms are primarily hotel chains, and a limited number of food chains.

The social dialogue in the Dutch hospitality sector is conducted by trade union and employers' associations at the sector level. The sector level collective bargaining negotiations covers hotels (NACE 55), restaurants, cafes and bars (NACE 56). Employees are represented by two trade unions: FNV Horeca and CNV Vakmensen. FNV Horeca<sup>20</sup> represents workers in hotels, bars, restaurants and cafes. It is one of three unions under the FNV Horeca Federation (with FNV catering and FNV recreation); the federation is a member of the cross-sectoral FNV confederation. CNV Vakmensen<sup>21</sup>, a federation under the CNV confederation, represents workers in the private sector and focuses on vocationally educated workers, like workers in construction, hospitality, and transportation. Employers are represented by Koninklijke Horeca Nederland (KHN)<sup>22</sup>, which is the only employer signatory of the sector wide collective agreement and represents about 18.000 employers. Employers and employees in catering, holiday parks, amusement parks, zoos and swimming pools are represented by different unions and associations, and negotiate four sector level collective agreements of their own.

Compared to the other three sectors in the BARWAGE study, the social dialogue in the hospitality sector is more tenuous. Although strikes are extremely rare in the sector, both bargaining partners acknowledge that collective bargaining negotiations do not always lead to collective agreements. The

<sup>20</sup> <https://www.fnvhoreca.nl/>

<sup>21</sup> <https://www.cnvvakmensen.nl/handel/horeca-en-catering/>

<sup>22</sup> <https://www.khn.nl/>

sector was not covered by a collective agreement in the period from 2014 until 2017 due to bargaining partners' inability to agree on wage increases and discord over the structure of the job classification. However, the hospitality sector has been continuously covered by collective agreements since the 1<sup>st</sup> of January 2018 – initially with only one trade union signatory, and including both CNV and FNV as signatory parties since 2020.

FNV Horeca, CNV Vakmensen and KHN negotiate a so-called 'minimum collective agreement', indicating that collective wage bargaining fixes minimum standards, without preventing individual employers from offering higher pay or better working conditions. Although sectoral minimum collective agreements sometimes coexist with additional company level agreements, this is not the case in the hospitality sector. The current collective agreement (Koninklijke Horeca Nederland et al., 2024), covers the period from the 1<sup>st</sup> of January until 31<sup>st</sup> of December 2024, and was extended to all workers in the sector by the Ministry of Social Affairs and Employment. A new provision in the 2024 extended collective agreement regulates the conditions under which individual firms can receive dispensation from the extended provisions. Dispensation is now conditional on the provision of at least equal pay and working conditions to the extended sector level collective agreement, and approval from the bargaining parties. Prior to the extension of the most recent collective agreement, in 2022, Statistics Netherlands estimated that 92% of employees in the hotel sub-sector and 80% of employees in the restaurant and café sub-sector were covered by a collective agreement (Statistics Netherlands, 2023c).

One key factor in the decision to request the extension of the sector wide collective agreement is the presence of a competing multi-employer collective agreement in the hospitality sector. Employers' association Nederlandse Horeca Gilde (NHG)<sup>23</sup> is active in the hospitality sector too, representing about 500 employers, and negotiates a separate collective agreement, with the union for hospitality staff (BVHP)<sup>24</sup>, an unaffiliated trade union (Nederlands Horeca Gilde & Bond van Horeca Personeel, 2024). The negotiated collective agreement, does not fix pay scales and contains inferior working conditions compared to the agreement between KHN, CNV Vakmensen and FNV Horeca. On its website, employers' association NHG promotes the collective agreement as maximising employer discretion.

## 4.2 Characteristics of wages and wage bargaining in the hospitality sector

According to Statistics Netherlands (2023b), the hospitality sector is the lowest paid sector in the Netherlands, with an average hourly wage of 16,15 euro in 2023 (table 2). This is above the minimum wage of €11,75<sup>25</sup> but substantially below the national average (€27,10) and less than half the average hourly wage in the highest paid sector (mining and quarrying – €42 per hour). Due to the high incidence of part-time hours in the hospitality sector, amongst others because of large numbers of students' jobs, the average annual gross wage falls further behind other sectors: €16.200 euro compared to the national average of €42,340 in 2023 (Statistics Netherlands, 2024d).

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<sup>23</sup> <https://www.horecagilde.nl/>

<sup>24</sup> <https://www.bvhp.nl/>

<sup>25</sup> €11,75 was the minimum wage per 1 January 2023, assuming a 38 hour workweek as per the hospitality CBA.

Table 2 Mean wages in the hospitality sector in 2023, by gender

	Women	Men	Total
Mean gross hourly wage	€15,26	€16,93	€16,15
Mean monthly wage (excl. overtime)	€1085	€1418	€1247
Mean monthly wage (incl. overtime)	€1087	€1422	€1251
Mean annual wage (excl. premiums and allowances)	€13.050	€17.070	€15.010
Mean annual wage (incl. premiums and allowances)	€14.050	€18.490	€16.220

Source: Statistics Netherlands 2024 (2024d)

The extended sector-level collective agreement in hospitality contains detailed pay scale tables for different job families (e.g., cooks) as well as splitting the pay system according to educational qualifications and experience (see figure 5). One set of salary groups applied to employees who hold (vocational education) qualifications in the hospitality field. These employees are referred to as *vakkrachten* (qualified staff). They represent the core of the trade union membership. A different set of pay scale tables (*niet-vakkrachten*) applies to employees who do not (yet) hold such qualifications, including those employed in the context of their vocational education training in the field. According to the collective agreements, employees without hospitality qualifications must still be considered qualified staff if they have worked at least 1976 hours in the hospitality sector after their 18<sup>th</sup> birthday (art 1.6). Both sets of pay scale tables also include specific pay rates for workers under 21 years of age, as is relatively common in Dutch collective agreements.

For staff without hospitality qualifications, the pay system only includes a wage floor (€2185,13 for staff of 21 years and over, as is shown in the bottom table of figure 5), without any further differentiation along job functions and associated pay grades (art. 4.1.6). For employees with hospitality qualifications, the collective agreement includes 11 pay grades, of which nine pay grades contain intermediate steps between a minimum and maximum payable rate. The lowest pay grade (I), whose remuneration is equal to the statutory minimum wage, applies to jobs like kitchen helpers and ticket inspectors; The highest pay grade (XI) contains general managers (CNV Vakmensen et al., n.d.). According to the interviewees, the most populated groups are grades III through V, which apply among others to waiters (III) and cooks (IV-V).

Figure 5 Example of pay scales from the 2024 sector collective agreement in hospitality

## Bijlage II Cao Horeca loontabel per 1 januari 2024

Eindlonen vakkracht	I = WML	II	III	IV	V	VI	VII	VIII	IX	X	XI
	€ 2.185,13	€ 2.273,41	€ 2.433,92	€ 2.617,96	€ 2.858,07	€ 3.100,47	€ 3.465,95	€ 3.795,06	€ 4.220,09	€ 4.599,85	€ 5.013,88
periodiek 12									€ 4.137,35	€ 4.509,66	€ 4.915,57
periodiek 11							€ 3.397,99	€ 3.720,65	€ 4.056,22	€ 4.421,23	€ 4.819,19
periodiek 10					€ 2.802,03	€ 3.039,68	€ 3.331,36	€ 3.647,69	€ 3.976,69	€ 4.334,54	€ 4.724,69
periodiek 9					€ 2.747,09	€ 2.980,07	€ 3.266,04	€ 3.576,17	€ 3.898,71	€ 4.249,55	€ 4.632,05
periodiek 8					€ 2.693,23	€ 2.921,64	€ 3.202,00	€ 3.506,05	€ 3.822,27	€ 4.166,23	€ 4.541,23
periodiek 7				€ 2.566,62	€ 2.640,42	€ 2.864,35	€ 3.139,21	€ 3.437,30	€ 3.747,32	€ 4.084,54	€ 4.452,18
periodiek 6				€ 2.516,30	€ 2.588,65	€ 2.808,19	€ 3.077,66	€ 3.369,90	€ 3.673,85	€ 4.004,45	€ 4.364,89
periodiek 5				€ 2.466,96	€ 2.537,89	€ 2.753,13	€ 3.017,32	€ 3.303,83	€ 3.601,81	€ 3.925,93	€ 4.279,30
periodiek 4			€ 2.386,19	€ 2.418,59	€ 2.488,13	€ 2.699,15	€ 2.958,15	€ 3.239,05	€ 3.531,19	€ 3.848,95	€ 4.195,39
periodiek 3			€ 2.339,41	€ 2.371,16	€ 2.439,34	€ 2.646,22	€ 2.900,15	€ 3.175,54	€ 3.461,95	€ 3.773,48	€ 4.113,13
periodiek 2			€ 2.293,54	€ 2.324,67	€ 2.391,51	€ 2.594,33	€ 2.843,28	€ 3.113,27	€ 3.394,07	€ 3.699,49	€ 4.032,48
periodiek 1		€ 2.228,83	€ 2.248,56	€ 2.279,09	€ 2.344,62	€ 2.543,46	€ 2.787,53	€ 3.052,23	€ 3.327,51	€ 3.626,95	€ 3.953,41

Basislonen vakkracht	%	I = WML	II = WML	III	IV	V	VI	VII	VIII	IX	X	XI
21 jaar of ouder	100	€ 2.185,13	€ 2.185,13	€ 2.204,48	€ 2.234,40	€ 2.298,64	€ 2.493,59	€ 2.732,88	€ 2.992,38	€ 3.262,27	€ 3.555,84	€ 3.875,89
20 jaar	90	€ 1.966,61	€ 1.966,61	€ 1.984,03	€ 2.010,96	€ 2.068,78	€ 2.244,23	€ 2.459,59	€ 2.693,14	€ 2.936,04	€ 3.200,25	€ 3.488,30
19 jaar	80	€ 1.748,10	€ 1.748,10	€ 1.763,58	€ 1.787,52	€ 1.838,91	€ 1.994,87	€ 2.186,30	€ 2.393,90	€ 2.609,82	€ 2.844,67	€ 3.100,71
18 jaar	70	€ 1.529,59	€ 1.529,59	€ 1.543,13	€ 1.564,08	€ 1.609,05	€ 1.745,52	€ 1.913,01	€ 2.094,66	€ 2.283,59	€ 2.489,08	€ 2.713,13

## Cao horeca basisloon en minimum UURLonen per 1 januari 2024

	%	I	II	III	IV	V	VI	VII	VIII
21 jaar of ouder	100	€ 13,27	€ 13,27	€ 13,39	€ 13,57	€ 13,96	€ 15,14	€ 16,60	€ 18,18
20 jaar	90	€ 11,94	€ 11,94	€ 12,05	€ 12,22	€ 12,56	€ 13,63	€ 14,94	€ 16,36
19 jaar	80	€ 10,62	€ 10,62	€ 10,71	€ 10,86	€ 11,16	€ 12,11	€ 13,28	€ 14,54
18 jaar	70	€ 9,29	€ 9,29	€ 9,37	€ 9,50	€ 9,77	€ 10,60	€ 11,62	€ 12,72

## Lonen niet-vakkracht en Leerlingen BBL per januari 2024

	van cao % basisloon groep I	38-urige werkweek		32-uur en 6 uur school		Per arbeidsuur
		Per maand	Per week	Per maand	Per week	
21 jaar	100	€ 2.185,13	€ 504,26	€ 1.840,11	€ 424,64	€ 13,27
20 jaar	85	€ 1.857,36	€ 428,64	€ 1.564,09	€ 360,94	€ 11,28
19 jaar	75	€ 1.638,85	€ 378,21	€ 1.380,08	€ 318,48	€ 9,95
18 jaar	65	€ 1.420,33	€ 327,78	€ 1.196,07	€ 276,02	€ 8,63
17 jaar	55	€ 1.201,82	€ 277,36	€ 1.012,06	€ 233,55	€ 7,30
16 jaar	45	€ 983,31	€ 226,93	€ 828,05	€ 191,09	€ 5,97
15 jaar	35	€ 764,79	€ 176,50	€ 644,03	€ 148,62	€ 4,64

- Bedragen bruto per maand, tenzij anders aangegeven.
- WML-aanpassing per 1 januari 2024 verwerkt.
- WML wordt per 1 juli 2024 weer aangepast; bedragen worden tijdig in deze tabellen verwerkt.

Source: Horeca cao 2024 (Koninklijke Horeca Nederland et al., 2024)

In addition to the negotiated basic pay rates, hospitality sector employees draw income from tips received from guests. The trade union interviewee relates that earnings from tips could amount to almost two thirds of employees' basic wages in the past. However, tips received have decreased due to digital payments (as opposed to cash) and recent price increases in the hospitality sector, which have made hospitality more expensive for guests. Both of these developments have reduced guests' inclination or ability to tip staff, according to the trade union representative interviewed for this study.

The 2024 collective agreement includes few provisions on premiums and allowances. The collective agreement includes 8% holiday pay, which amounts to a thirteenth month pay (art 4.16). Despite, or perhaps because of, the practice of evening, night and weekend work being widespread, no premium pay rates are agreed for such hours. Only night work for front office employees in hotels is paid at 110% of regular hourly wages (art. 4.12). While trade unions regret the absence of premiums for non-standard hours, employers contest the designation of evening, night and weekend work as 'non-standard hours', arguing these are standard operating hours in any hospitality establishment.

*[12] If you choose the hospitality sector, you know you'll work irregular hours. That is more the standard than the exception. These aren't Monday to Friday jobs, so you work weekends, holidays or nights, right. So from the employer side, that's always seen as, well, that's just regular work that you shouldn't have to receive a separate allowance for. – Employer representative*

While premium pay rates for non-standard hours are used in some sectors to motivate employees to take on these shifts, this does not appear to be a factor in the hospitality sector. Interviewees know



of only a handful of cases where night shift premiums for hotel front office staff were extended to other job functions, and those were not collectively negotiated. Overtime hours and hours worked on nine bank holidays recognized in the collective agreement, are compensated with a paid leave day within a three-month period (one hour overtime corresponding to one hour extra paid leave); overtime hours and hours on bank holidays are only paid out in cash in case compensation in paid leave was not achieved with the three-month period (art 3.11-3.14).

### ***Employer discretion in the hospitality sector pay system***

Over the past seven years, since the restoration of sector level bargaining in 2018, the hospitality sector has experienced a number of reductions in employer discretion over pay. The current structure of the pay system (figure 5), which includes detailed pay scale tables was negotiated as part of the 2022-2023 collective agreement, and implemented from the 1<sup>st</sup> of April 2022. Prior collective agreements provided only minimum and maximum payable amounts per salary group, leaving the determination of actual pay to individual employers. Furthermore, since 2023, the collective agreement has included a provision guaranteeing all employees one upward step in their pay grade for each year of job tenure. This excludes employees who have reached the maximum payable amount in their salary group and employees whose performance was assessed as insufficient for the second subsequent year (art 4.11.3).

Trade unions were the driving force behind the transition to more detailed pay scale tables as well as the guaranteed periodic wage increases within the pay grade, fearing that their members were worse off when having to rely on their own negotiation skills and employers' willingness to agree on amounts above the pay grade's wage floor.

*[13] We had a min and a max, so you had a base salary and a salary ceiling. And the employer who could just pick what he liked. So it depended very much on the employee's negotiating skills, on how well he or she could do that. That's what it really came down to, or how amenable the employer was. - Trade union representative*

Both trade union and employer representatives explain that, as a legacy of the previous pay system in the sector, there are still substantial numbers of employers who pay salaries that do not match any of the pay rates in the pay scale tables. The current 2024 collective agreement contains provisions for further efforts to make all employers pay in accordance with the rates negotiated in the pay scale tables. This would ensure that every employee is linked to a specific pay grade and periodic step (art 4.11.4). Employers association KHN offers assistance to members in linking employees to specific pay rates. It spends substantial time and effort in providing this service, indicating both its commitment to the agreed transition and members' difficulties in implementation of the collectively agreed provisions. Nonetheless, the interviews also confirm that the implementation of the detailed periodic steps within pay grades, and the associated employee entitlement to advance one step annually, are perceived as restricting employer discretion.

*[14] The majority [of employers], they just want to decide for themselves. Like, 'I want to be able to let my best employees' wages, well, rise more than those of my lower performing employees'. And there is also, of course, a bit of entrepreneurship involved, which also makes sense. Because the money [...] has to be earned. So I think it's the combination of 'being able to reward good staff more highly' with 'entrepreneurship so having a say in where your money*

*goes'. So giving employees who are not performing well an annual periodic step anyway..., that doesn't feel like a given. After all, an entrepreneur should have a say in how to run his company and that includes rewarding staff. – employers' representative*

It is worth noting that the current pay systems and job function grid are considered provisional by both social partners, and further changes are expected. In 2020, when sector level bargaining had just been restored, trade unions and employers agreed to reform the job classifications and associated pay system.

*[15] Firms should always match a job to the reference job function that is most appropriate. Yes, there's always a bit of a grey area there, right, I mean.... what tasks and responsibilities do you make most important? That's going to become a bit more generic, because we're going to classify according to roles and competences. So that also gives a bit more room for manoeuvre for employers, on the one hand, but for employees the possibility of, well, also being classified a bit differently. – trade union representative*

Ongoing debates over such reforms, which may enlarge the discretionary space for the allocation of employees in the pay grades, were interrupted by the subsequent impact of the COVID-19 pandemic, high inflation, and substantial increases of the statutory minimum wage (SMW). However, both social partners confirm the issue is on the agenda for the next round of negotiations, and has only gained in urgency due to the pressure on the pay system from the large increase of the wage floors in 2024.

Finally, the bargaining partners have made substantial efforts to ensure that the collectively negotiated wages are paid throughout the sector. This includes the inclusion of stricter conditions for employers when applying for dispensation from the extended sector-level agreement. This step was fully supported by trade unions, who wish to fix wages for all members irrespective of the firm at which they were employed. Another key factor was probably the competition faced by individual employers applying the extended sector-level collective agreement, from the *Horeca Gilde* collective agreement, whose main selling point for potential signatories is its lack of pay scale tables. In the interviews, the employers association interviewed for this study repeatedly expresses a wish to create a level playing field in the sector, both to prevent being undercut on wages in a 'race to the bottom' as well as to promote sustainable employment for qualified hospitality professionals in the sector.

*[16] If [the collective agreement] is extended [...] then at least we know that if an employer were to apply another collective agreement, at least they're guaranteed to offer a package of working conditions that is equivalent [to the extended agreement] at minimum. So then the aim is not to undermine the level playing field. – employers' representative*

### **4.3 Uprating of wages and minimum wages in the hospitality sector**

Collective agreements in the hospitality sector are usually concluded for periods covering one or two years. As is common in the Netherlands, each hospitality collective agreement tends to include multiple pay increases to spread the cost of wage increases and accommodate anticipated developments of statutory minimum wages and consumer prices. Since 2018, the negotiated collective agreements have included twice-yearly increases of the pay rates (usually on 1 January and 1 July), with an additional increase per 1 April 2022. In doing so, wage increases in the sector follow a similar pace as the statutory minimum wage, which is uprated twice per year on the same dates. In

the event that any pay rate falls below the level of the SMW after its uprating, the relevant pay rates in the collective agreements are updated outside the regular bargaining rounds.

To formulate wage demands for collective bargaining negotiations, one trade union negotiator explains they aim to stay ahead of consumer price developments in the previous period, as well as negotiate wage floors exceeding the statutory minimum, especially for employees in salary groups III-V, which contain the majority of qualified staff. For the employers' association, the development of the wage offer is complex due to the diversity of firms in the sector, including both very large and very small firms. Many employers struggle to keep their businesses going in the context of increasing rents and food and energy prices. Others are able and willing to raise wages by larger margins in order to address labour shortages and to offer sustainable employment for qualified staff. Balancing the interests of these two groups is crucial for the employers' association to garnish support for the sectoral collective bargaining among members.

The collectively bargained pay rates are set at levels similar to the statutory minimum wage: the first salary group is equal to the statutory minimum by design, and the lower steps of the first five salary groups are within 110% of the statutory minimum. In consequence, collective wage bargaining in the sector is directly impacted by increases in the statutory minimum wage. It is not uncommon for minimum wage to catch up and overtake the collectively bargained wage floors after uprating; a situation, which the bargaining partners refer to as pay grades being 'under water', and in which the legal statutory minimum wage rate takes precedence over any bargained agreements.

*[17] Wages in the hospitality sector, traditionally, are already pretty much around the minimum wage. They always are. So the margin is very small. So the moment you start pushing on the SMW, so the SMW is raised, your wage structure is under water very quickly . – trade union representative*

Both trade union and employer representatives interviewed for the study relate that (anticipated) statutory minimum wage developments play a key role in wage bargaining in the sector. The uprating of the SMW not only directly impacts the wage floors, but puts pressure on the ability of the social partners to negotiate a pay system that allows for career development in the sector. In periods where the SMW applies to some pay grades that are underwater, thereby raising wages of the employees in the lowest pay grades, the pay grades above the SMW continue to apply as negotiated for the duration of the collective agreement. This can effectively annul negotiated differentials between the first few pay grades until the collective agreement is renewed. Thus, jobs at different skill levels and experience levels are potentially rewarded at the same pay rate. A trade union interviewee explains that they would welcome the indexation of all salary groups in the pay scale tables to the SMW, so that all pay rates increase when the SMW does, instead of just those rates that are 'under water'. However, talks on this subject have been difficult and were halted after recent rises in the SMW.

In the past round of collective wage bargaining, amidst record high inflation and political debates about increasing the SMW to levels closer to the national median, social partners faced a situation in which the first five pay grades were at risk of falling below the SMW. In an effort to restore pay differentials for the largest group of employees, social partners opted for a stepped pay increase: the wage floors of the lowest two pay grades were increased by enough to match the SMW (9.5%), the

next by 10.5% (group III) and 12% (group IV-V). Higher salary groups received smaller pay increases of 9% (group VI) and 8% (VII-XI) respectively.

*[18] If we had done nothing, all wage floors of grades one to five would have been set to SMW levels. Some pay grades entirely. And at [grade] five, for example, some of the periodic steps. So those were the pay grades where we really felt, well, we have no choice but to intervene. And that this should be with a percentage increase at least equal to the SMW. Because [pay grades] three, four and five - that's actually the middle group where most people are classified [...] You don't want to have a cook earning the same as a dishwasher.... That the wage floor is the same. So you just want to bring back a logical progression. But that did mean..., if you accept that one and two are at the SMW level, then you just had to raise three, four and five more than the SMW. And yes, that twelve, ten-ten [increase] that was chosen purely based on 'what is needed then?'. Because the starting salary of three, it was actually already at the SMW level because of the SMW increase per 1 July. Four and five were not yet, so three we really had to make a big step and then we could make four and five slightly less. But it had to be, it had to be more than the SMW. So we're really looking at: yes, what does it take to kind of balance this again? And six to eleven were actually not affected by the WML. So there we opted for an increase that is more in line with the wage developments in 2023. – Employers' representative*

The lower negotiated increase of the higher pay grades does little to moderate the total cost of the negotiated pay increases for employers because these grades contain relatively few employees, and are mostly used in the hotel sub-sector. The 2024 collective agreement does contain a relative deterioration in the pay rates for workers under 21 years of age. The previous, 2022-2023, collective agreement contained youth rates ten percentage points below the adult rate for each year of age (e.g., 90% of adult wages for 20-year olds, 80% for 19 year olds, and so on). In the 2024 collective agreement, these rates were reduced by 5 percentage points (e.g., from 90% to 85% of the adult rate for 20 year olds). The motivation for this change was to support struggling employers in small firms, especially restaurants and cafes, while protecting the wages of staff with hospitality qualifications, who form the core of trade union members and a group of employees with longer careers in the sector.

### ***The impact of substantial SMW increases on wage bargaining***

Next to its direct impact on wages in the hospitality sector, the substantial increase of the minimum wage in 2024 impacted the sectoral social dialogue itself. Firstly, it led to internal debates on wage fixing between the employers' association and its members, and between the trade union federation and confederation.

In the negotiation of the stepped pay increases for the 2024 collective agreement, the high increases in the SMW led to debates over wage fixing between the employers' association and its members. The SMW uprating was so large that employers perceived it as an infringement on their discretion over pay. As the interviewee from the employers association explained, on the one hand they needed to publicly take a stance against the high increase of the SMW as a result of political decision making, which posed significant difficulties for the financial viability of many businesses in the sector. On the other hand, the legal obligation to implement the SMW led the association to defend even higher increases in the

hospitality pay rates in front of their members, in order to protect opportunities for career development and sustainable employment in the sector.

Asked about future outlooks, both trade union and employer representatives share that they anticipate continued challenges in bargaining on the pay system if the SMW continues to increase steeply, although both expect the SMW growth to slow down. Both bargaining partners also stress the much deeper understanding of each other's position in sector level negotiations compared to the national bargaining and political arenas. Sector level trade union support for further minimum wage increases was less vocal than in the national debate. While expressly favouring higher wages in the sector to realise adequate wages, trade union support for SMW hikes was not unconditional. In particular, the trade union representative criticised scenarios in which increases in gross SMWs, leading to increased costs for employers, failed to result in increases in net wages for employees due to the loss of social security benefits and entitlements linked to gross wage growth. Relating examples of restaurants that reduced their opening hours in order to control costs, the trade union interviewee stresses the need for wage increases to both meet standards for adequate wages, and allow firms to stay in business.

Secondly, the SMW uprating interfered in an ongoing process of restructuring of the pay grades and job functions in the sector. In the last round of negotiations, finding agreement on pay rates was complicated by two developments related to employer discretion: unilateral wage raises implemented by a substantial share of employers in the period of high inflation, and the transition from minimum/maximum payable rates to detailed periodic steps in the pay scale grid.

Faced with high inflation and its negative impact on the adequacy of wages in the sector, some hospitality employers had implemented unilateral wage raises in their firms, either to accommodate current employees or to be able to attract new staff. These wage increases were determined without collective bargaining, as is allowed under the minimum collective agreement. Most firm level wage increases were not given as once-only and crisis-related bonuses, but as permanent wage increases. Many were given as nominal amounts, implying employees within one firm have received different percentage wage increases. However, as it became clear that the 2024 collective agreement would substantially raise the collectively agreed wages (by 8%-12%), these employers requested to be able to discount previous pay hikes from the collectively bargained increases, creating the need for tailored calculations.

Further complicating the implementation of the collectively bargaining pay increases, the unilateral firm-level pay increases had often been made without reference to the pay system provided in the collective agreement. In consequence, the already existing mismatch between the pay grades and periodic steps in the collective agreement was magnified, as employees who were previously linked to a specific pay rate (i.e., step within a pay grade) received nominal pay increase that led to wages at rates that were not included anywhere in the pay scale tables. In an attempt to repair these developments, the 2024 collective agreement includes a provision to calculate the new wage based on the salary of the 31<sup>st</sup> of December plus the agreed permanent wage increases (minus the discounted firm level increases). These amounts are then to be rounded upwards to the next step in the pay grade to ensure everyone is tied to a specific pay rate (again).

*[19] Look, [in this sector] people like to have the freedom to make other agreements on that. So that minimum-standards principle. And then, if we want to give a bit more, we don't choose a periodic step above the current one, but say, for example, we'll add 200 euros. So either you have to make that transition, so that it also becomes common practice, that if you want to do more, you always have to opt for a periodic step. Or you have to move away from that because otherwise it's unworkable and you'll have to make these tricky kinds of calculations every time.*  
– employers' representative

## 5. Urban transport

### 5.1 Employment and social dialogue in urban public transport

In the Netherlands, urban public transport covers activities related to public transport in buses, trams and metro. The urban public transport sector is relatively small, operating only in the areas around Rotterdam, The Hague and Amsterdam. In the other municipalities, buses are run by regional public transport providers. Transport per train, whether inside or outside municipal boundaries, is run by railroad companies. Both are considered separate sectors from urban public transport and have their own social dialogue.

No data are available from Statistics Netherlands for urban public transport alone, with the nearest breakdown being road-based passenger transport (NACE 49), which next to urban public transport, includes the taxi sector as well as regional public transport (Statistics Netherlands, 2023a). Collective bargaining coverage in the road-based passenger transport sector was 86% in 2022; 12.4% from company level CBAs (including in urban transport) and 74% from sector level (regional public transport and taxi) collective agreements. Three large firms make up the urban public transport market: the Amsterdam-based GVB<sup>26</sup>, the Rotterdam-based RET<sup>27</sup>, and the Hague-based HTM<sup>28</sup>.

In its annual report, GVB (2024) reports on the socio-demographics of its staff: almost three quarters (74%) are men and about two thirds of all employees (68%) are employed full-time. The largest group of employees are between 45 and 55 years of age (26%), followed closely by employees between the ages of 55 and 60 (25%). Only 1% of employees are under 25 years of age. Three quarters have been employed for at least five years, and over 95% are employed on permanent contracts. HTM (2024) reports employing 2005 employees in 2023, whose average age was 46 years. Of all 2005 HTM employees in 2023, 84% were men and 90% held permanent contracts. The age composition is similar to GVB, with more than half the workforce being between the ages of 45 and 64. RET does not publish information on the socio-demographics of its workforce, but there is little reason to believe socio-demographics of RET staff to be very different from those of GVB and HTM.

Under applicable legislation, the three major Dutch cities where urban public transport companies operate, do not organise public tender procedures for these services, allowing GVB, HTM and RET to operate without competition from other firms (Authority for consumers and market, 2021). Contrary to the regional and taxi sectors, the social dialogue in urban public transport takes place on the firm

<sup>26</sup> <https://over.gvb.nl/>

<sup>27</sup> <https://www.ret.nl/en/>

<sup>28</sup> <https://www.htm.nl/>

level, with all three firms having a long and established tradition of bargaining collectively. All three firms have current collective agreements: the HTM collective agreement is valid for 2,5 years (1-1-24 until 1-7-2026) and the RET for 1,5 years (RET N.V. et al., 2024; valid 1-1-2024 until 1-7-2025); the GVB 2022-2024 agreement was re-negotiated in 2023 to apply from 1 January 2023 until 1 April 2025 (GVB et al., 2023).

In all three social dialogues, workers are represented by two trade unions: FNV Stadsvervoer<sup>29</sup>, a union under the FNV confederation, is a signatory to all three CBAs. Two unions under the CNV Confederation negotiate in the sector: CNV Vakmensen for the HTM collective agreement, CNV Overheid for the RET and GVB collective agreements. A third trade union is a party to the RET CBA: the vakbond onafhankelijk RET personeel<sup>30</sup> (trade union for independent RET staff). Contrary to their counterparts in regional public transport, the three urban public transport companies have always negotiated separately. The trade union representative interviewed for this study says they would welcome a sector level social dialogue, especially for the possibility to extend the collective agreement. However, employers have held off sector level bargaining. The current labour market shortages in urban public transport, that prompt competition for each other's staff, may change that in years to come, but have not so far.

*[20] I have been working for years to achieve a single collective agreement for urban transport. And after a few years, I got to the point where employers said, yes, we can talk about that. Well, we still have to [do] that. That doesn't advance. I definitely see advantages because then you can also try to get a collective agreement extended. But if the employers don't want to... It's not my top priority either. But now they do realise that if they had done so five years ago, they would have been able to navigate the labour shortages a bit better than they do now, because now they are also competitors. In any case, it has led the three urban transport firm to join forces and cooperate on a number of issues. When it comes to regulation for heavy labour, those RVU [Early Retirement Scheme] measures and so on; they work together reasonably well on those. - Trade union representative*

Urban public transport is one of the sectors with high trade union bargaining power, because of high trade union density (i.e., a large share of urban public transport employees are members of a trade union), as well as relatively large economic impact of industrial action on the economy. Contrary to regional public transport, full out strike action is rare in urban public transport. The trade union interviewee in this study points to the larger involvement of members in firm level compared to sector level social dialogues. Secondly, they argue that the fact that all trade union members work for the same employer and meet regularly in the bus garage, doesn't allow employers to play out one group of employees against another as easily as in more dispersed sector level bargaining.

*[21] [Urban public transport has] a very high level of union density compared to the rest of the Netherlands. And like you just said, yes, if they take strike action for half a day, that has more impact than if other sectors are on strike for a week. Yes, I have never really had long-term collective bargaining conflicts, because often just preparing an industrial action day is enough to*

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<sup>29</sup> <https://www.fnv.nl/cao-sector/overheid/publiek-belang/stadsvervoer>

<sup>30</sup> <https://vor-rotterdam.nl/>

*win the employer over. The last time we had to organise industrial action for our own collective agreement was summer 2022, at HTM. – Trade union negotiator*

Table 3 Mean wages in the transport and storage sector in 2023, by gender

	Women	Men	Total
Mean gross hourly wage	€23,59	€26,31	€25,70
Mean monthly wage (excl. overtime)	€2.605	€3.428	€3.220
Mean monthly wage (incl. overtime)	€2.629	€3.656	€3.396
Mean annual wage (excl. premiums and allowances)	€31.550	€43.870	€40.760
Mean annual wage (incl. premiums and allowances)	€36.250	€50.570	€46.950

Source: Statistics Netherlands 2024 (Statistics Netherlands, 2023b)

## 5.2 Characteristics of wages and wage bargaining in the urban public transport sector

Detailed information on the developments of earned wages in the urban public transport sector are not available from Statistics Netherlands, which only reports on wages in the full transport and storage sector. As table 3 shows, in this broader sector, the average in 2023 was €25,70 per hour, which is slightly below the national average of €27,10. While the annual income in the transport and storage sector is equal to the national average (€46.900) and well above the median annual income (€39,100) (Statistics Netherlands, 2022), workers in the sector reported having trouble making ends meet in the previous year. As the trade union representative explains, many of the members were hard hit by the inflation and the energy crisis. They pressed for the wages to be substantially raised in the last bargaining round.

*[22] I did really get a lot of messages in the period from summer until October-November. From people saying, 'we really need to make a big jump, because this is my situation'. Home owners often know what they will spend on housing over the next 10 years. Tenants face the rent increases with mounting anxiety every year. This is traditionally a group where more people rent than buy. And there are a number of things like that, of course. The bottom, well, the less well-paid half of the Netherlands, they also live in the worse insulated houses, so they encounter bigger problems with energy costs than people who are already better off. All those kinds of things play a role. So I think if we take another look at the situation in about three or four months' time. With that 12, 13 per cent pay rise, were we able to create a situation that you no longer look to the end of the month in fear? Yes, I do expect that there has been quite a turnaround and I hope it has succeeded, but I dare not say that yet. – Trade union representative*

### **Pay systems in the collective agreements**

The pay systems in the collective agreements are detailed and extensive, including pay scale tables and a large number of additional wage premiums and allowances. In part, this may be a reflection of the long established social dialogue in the sector. Additionally, firm level agreements, as opposed to sector level agreements, can get into more detail as they have the relative luxury of needing to fit the practices of a single organisation rather than seeking to create a level playing field.

The collective agreements fix the lowest regular pay rate above the SMW. The lowest pay rates are set at least at 16 euro per hour, in line with the national trade union confederations' priorities. The



GVB (2023) collective agreement contains a provision (art 9.4.2) stipulating that full-time salaries may not fall below 130% of the SMW. This currently prohibits the classification of employees in the lowest pay grades of the pay scale table, as is visible from the red numbers in figure 6. The HTM collective agreement is the only one to include youth pay grades for workers under 21 years of age, but given the age composition of employees in the sector, it is unlikely to affect many workers.

The three collective agreements in the sector all contain detailed pay scale tables. GVB and RET pay scale tables distinguish between 20 pay grades, while HTM has 13. The difference in pay systems between the GVB and RET on the one hand, and HTM on the other, is associated with the higher end of the pay structure. Until and including pay grade 13, the last in the HTM collective agreement, pay rates in the three collective agreements are fairly comparable – adult pay rates ranging from around €2.235-€2.350 to about €7.000-€7.500 gross per month. While the HTM collective agreement does not regulate wages earned by the highest-earning employees in the firm, GVB and RET do.

The trade union representative interviewed for this study explains that approximately 60% to 70% of employees in the sector, and roughly 70%-80% of trade union members, are classified in pay grades 4 through 6. The lowest paid occupational groups are ticket inspectors on trams and stewards, both service functions. Drivers of trams, metros and buses are classified one grade higher (grade 5); with more experienced drivers being in grade 6. One grade above the drivers and the staff in security-related jobs. The lowest pay grades (1 through 3) are not in use.

Figure 6 Pay scale tables included in the 2022-2024 GVB collective agreement

**Salarisbedragen cao GVB per 1 juli 2023**  
 Inclusief cao-verhoging €50 bovenop het schaalsalaris van 1 mei 2023  
 Bedragen functiesalaris in Euro's per 1 juli 2023 op basis van 36 uur per week  
 Wettelijk minimumloon per 1-7-2023 bedraagt: € 1.995

schaal											
trede	1	2	3	4	5	6	7	8	9	10	
0	1998	2040	2085	2141	2197	2327	2582	2926	3222	3459	
1	2040	2100	2162	2225	2290	2422	2682	3035	3352	3611	
2	2083	2161	2241	2312	2382	2518	2781	3144	3478	3757	
3	2129	2222	2316	2394	2478	2614	2882	3253	3607	3909	
4	2172	2284	2393	2481	2574	2710	2982	3362	3732	4062	
5	2218	2343	2472	2570	2667	2808	3081	3473	3860	4211	
6	2262	2406	2547	2655	2758	2903	3182	3583	3989	4362	
7	2305	2468	2627	2741	2856	2997	3279	3695	4117	4512	
8	2351	2527	2703	2825	2946	3094	3379	3804	4246	4664	
9	2394	2588	2779	2911	3044	3192	3481	3911	4373	4816	
10	2441	2651	2858	2995	3134	3287	3581	4020	4503	4967	
11	2484	2713	2934	3081	3233	3384	3681	4131	4630	5117	

schaal											
trede	10A	11	11A	12	13	14	15	16	17	18	
0	3791	4099	4490	4880	5423	5750	6164	6585	7266	8027	
1	3945	4259	4660	5041	5583	5938	6386	6839	7541	8325	
2	4098	4421	4811	5199	5740	6132	6603	7098	7816	8621	
3	4251	4580	4973	5359	5896	6318	6823	7366	8094	8919	
4	4409	4740	5131	5518	6050	6508	7043	7610	8367	9214	
5	4563	4901	5286	5674	6209	6699	7266	7868	8646	9511	
6	4714	5064	5445	5830	6370	6888	7484	8119	8920	9809	
7	4870	5221	5601	5986	6528	7079	7704	8377	9197	10107	
8	5027	5379	5760	6144	6687	7272	7924	8636	9473	10401	
9	5179	5538	5919	6305	6838	7460	8143	8888	9749	10698	
10	5330	5692	6075	6460	6997	7651	8363	9143	10026	10995	
11	5481	5851	6232	6618	7156	7838	8585	9398	10298	11292	

Figure 7 Pay scales tables included in the 2021-2023 HTM collective agreement

SALARISTABEL PER 1-1-2023

SALARISGROEP

Leeftijd	Trede	1	2	3	4	5	6	7	8	9	10	11	12	54
16 jr	0	1.478	1.544	1.568	1.593									1.585
17 jr	1	1.593	1.689	1.720	1.749	1.807								1.738
18 jr	2	1.749	1.836	1.871	1.902	1.966								1.891
19 jr	3	1.902	1.989	2.022	2.059	2.131								2.044
20 jr	4	2.059	2.137	2.174	2.206	2.282								2.199
21 jr	5	2.174	2.277	2.319	2.354	2.434	2.649	2.872	3.224	3.597	3.912	4.400	5.001	2.434
	6	2.246	2.354	2.395	2.434	2.523	2.804	2.945	3.370	3.680	4.074	4.582	5.211	2.479
	7	2.319	2.434	2.479	2.523	2.649	2.945	3.088	3.519	3.854	4.232	4.761	5.416	2.523
	8	2.395	2.523	2.582	2.649	2.804	3.019	3.224	3.680	4.010	4.392	4.942	5.622	2.582
	9	2.434	2.582	2.649	2.729	2.945	3.088	3.370	3.854	4.169	4.552	5.121	5.826	2.729
	10	2.523	2.649	2.804	2.872	3.019	3.154	3.519	4.010	4.311	4.712	5.302	6.034	2.804
	11	2.523	2.649	2.804	2.945	3.088	3.298	3.680	4.086	4.458	4.871	5.482	6.239	2.872
	12	2.523	2.649	2.804	2.945	3.154	3.370	3.772	4.169	4.618	5.032	5.665	6.448	2.945
	13	2.523	2.649	2.804	2.945	3.154	3.441	3.854	4.238	4.767	5.190	5.843	6.654	3.019
	14	2.523	2.649	2.804	2.945	3.154	3.441	3.854	4.238	4.767	5.352	6.025	6.860	3.091
	15	2.523	2.649	2.804	2.945	3.154	3.441	3.854	4.238	4.767	5.509	6.204	7.065	3.091
	16	2.582	2.729	2.872	2.945	3.154	3.441	3.854	4.238	4.767				3.166
	17	2.582	2.729	2.872	3.019	3.224	3.441	3.854	4.238	4.767				3.166
	18	2.649	2.804	2.945	3.019	3.224	3.441	3.854	4.238	4.767				3.242
	19	2.649	2.804	2.945	3.088	3.298	3.519	3.928	4.311	4.905				3.242
	20	2.729	2.872	3.019	3.088	3.298	3.519	3.928	4.311	4.905				3.315
	21	2.729	2.872	3.019	3.154	3.370	3.597	4.010	4.458	5.039				
	22	2.804	2.945	3.088	3.154	3.370								
	23	2.804	2.945	3.088	3.224	3.441								
	24	2.872	3.019	3.154	3.224									
	25				3.298									

Figure 8 Pay scales tables included in the 2024-2025 RET collective agreement

SCHAAL											
Periodiek	1	2	3	4	5	6	7	8	9	10	Periodiek
0	2235	2275	2321	2374	2429	2557	2619	3166	3468	3707	0
1	2275	2336	2397	2458	2522	2655	2920	3278	3598	3861	1
2	2320	2396	2473	2543	2615	2753	3021	3389	3727	4014	2
3	2363	2456	2549	2628	2711	2850	3123	3501	3857	4166	3
4	2408	2517	2627	2715	2808	2948	3224	3611	3988	4325	4
5	2451	2577	2705	2803	2903	3046	3325	3722	4118	4483	5
6	2494	2639	2784	2890	2998	3143	3426	3835	4251	4640	6
7	2539	2701	2862	2977	3094	3240	3528	3946	4385	4800	7
8	2583	2763	2940	3065	3190	3337	3629	4058	4519	4959	8
9	2628	2826	3019	3151	3286	3436	3730	4169	4653	5117	9
10	2673	2888	3097	3237	3382	3533	3831	4284	4789	5275	10
11	2719	2950	3175	3325	3478	3630	3933	4399	4923	5434	11
4%	2827,76	3068,00	3302,00	3458,00	3617,12	3775,20	4090,32	4574,96	5119,92	5651,36	4%
8%	2936,52	3186,00	3429,00	3591,00	3756,24	3920,40	4247,64	4750,92	5316,84	5868,72	8%
12%	3045,28	3304,00	3556,00	3724,00	3895,36	4065,60	4404,96	4926,88	5513,76	6086,08	12%

**Salaristabel medewerkers RET N.V. per 1 februari 2024, nieuwe structuur**

SCHAAL											
Periodiek	11	12	13	14	15	16	17	18	19	20	Periodiek
0	4365	5187	5757	6098	6537	6978	7692	8496	12692	13625	0
1	4533	5356	5923	6299	6767	7248	7982	8808			1
2	4702	5522	6088	6499	6998	7516	8272	9119			2
3	4871	5687	6253	6697	7228	7786	8563	9432			3
4	5040	5853	6419	6897	7460	8056	8852	9744			4
5	5208	6018	6584	7097	7691	8324	9143	10055			5
6	5378	6189	6751	7298	7923	8594	9434	10367			6
7	5545	6350	6915	7498	8154	8862	9723	10679			7
8	5710	6514	7082	7698	8384	9130	10014	10990			8
9	5876	6681	7247	7896	8615	9400	10304	11303			9
10	6041	6846	7412	8098	8847	9670	10593	11615			10
11	6207	7012	7578	8298	9077	9938	10884	11927			11
4%	6455,28										4%
8%	6703,56										8%
12%	6951,84										12%

### **Wage growth, premiums and allowances**

All three collective agreements regulate the advancement of employees' salaries as they acquire years of tenure. At GVB and RET, each pay grade is subdivided into 11 periodic steps, allowing annual salary advancement without switching jobs or employers; HTM pay grades have up to 20 periodic steps. According to all three collective agreements, employees are granted an annual one-step increase within the range of their pay grade, and the collective agreements allow to raise an individual employee's wages by more than one step (GVB art 9.6; HTM art 23; RET annex 5 art 3).

The collective agreements include provisions that allow the employer to pay above the highest pay rate in a specific pay grade. The RET collective agreement includes a provision regulating performance premiums of 4%, 8% or 12% of the maximum pay in the grade for well-forming employees who have reached the top periodic step of pay grades 1 through 11. It also includes the possibility to offer premium pay for new hires to bridge the gap to their previous salary level or attract scarce personnel. Employees temporarily performing duties above their pay grade can be accorded temporary performance bonuses of unspecified size at GVB and RET.

Employees in urban public transport who either drive or perform service tasks on metros, trams and buses are paid substantial premiums from inconvenient hours on top of their regular wages. As the trade union representative explains, everybody (all personnel on the metros, trams and buses) works in shifts and there is no or little differentiation between employees who work more or fewer of these shifts. Some opt-outs do exist for older workers, and employees can indicate whether they prefer to work late or early shifts. The collective agreements contain good premiums for these hours, which are mostly undisputed. The interviewee estimates low paid salary groups (e.g., ticket inspectors on trams) earn about 350-400 euro per month in premiums.

All collective agreements include an 8% holiday bonus. GVB and RET include an 8.3% Christmas bonus whereas HTM calculates this as a nominal amount applying to all employees (€2875 in 2023). Premium payment is agreed for overtime, inconvenient hours, flexible work, work on bank holidays and work on new year's eve.

### **5.3 Uprating of wages and minimum wages in the urban public transport sector**

The three collective agreements in the urban public transport sector are negotiated in three separate negotiations. The timing of these negotiations is not coordinated, so negotiations for any two collective agreements may or may not take place in parallel. The three firms do not bargaining at the same (or different) time by design, nor do employer delegations overlap. In the last bargaining round, by coincidence, HTM and RET negotiations took place at the same time, providing the trade unions with some strategic opportunities.

*[23] Yes, that was a lot of fun. We achieved a result at HTM first. Those two [HTM The Hague and RET Rotterdam] are, of course, geographically almost on top of each other, so everyone looks at each other. At RET, things had pretty much come to a standstill, but at HTM we were able to achieve a breakthrough. With HTM's paper in hand, I sat down - literally the next day - at the RET negotiating table and simply said, well, you can choose. If you want large groups of staff to go work in The Hague, this is the way to go. This is what we agreed in The Hague. You tell me. And then they had no choice but to repair the loss of purchasing power as well. That ended up being a*

*slightly different percentage increase, but great satisfaction among my members. – Trade union representative*

Although the trade union delegations to the GVB, HTM and RET collective agreement negotiations do overlap, the negotiations are prepared on the firm level. In the formulation of the proposal letter, a trade unionist explains, both the national priorities set out by the confederation at the cross sectoral level, development of prices in the past period, and input from members is taken into account. As urban public transport is a sector with three firm level CBAs and no sector level bargaining, there is a more direct involvement of the active members with the negotiator. The active members are also directly involved in the operationalization of the confederation aims for their CBA, which feeds into the proposal letter sent to the employer delegation.

*[24] Every year around September/October, we as trade union [name anonymised] colleagues are told what the priorities and aims are going to be for the collective agreements in the coming year. There is a certain margin in that, to a greater or lesser extent. That is the job you are sent out to do. Together with the active member group of the company concerned, I decide how we shape that assignment. Just an example: if you are supposed to achieve a 5 per cent purchasing power improvement, that can be done by increasing all salaries by 5 per cent. But it can also be done by increasing the end of year bonus by 2 per cent and salaries by 3 per cent. So there are all sorts of ways that can lead to that desired result, from travel allowances to certain expense allowances; and, what has become increasingly fashionable in recent years, by looking especially at the bottom of the pay system by opting for nominal instead of percentage wage increases [literal translation: cents instead of per cents]. – Trade union representative*

In the last round of bargaining, which took place after a period of high inflation, 11,7% (HTM) and 12% (RET) wage increases were negotiated. The GVB collective agreement, which was negotiated earlier, contained two percentage increases (2% per 1 January 2023 and 3% per 1 April 2024) as well as three nominal wage increases (of €100, €50 and €50 respectively). In the past six or seven years, the bargaining partners have agreed to implement wage increases (partially) in nominal amounts rather than percentages only. Contrary to the other sectors, in urban transport this move to nominal wage increases precedes the rise of the SMW and inflation, and reflects the focus of the trade union representatives on the lowest pay grades. It might also be a consequence of the more direct involvement of trade union members in firm level compared to sector level bargaining, as the inequality-reducing effects of the nominal wage increases benefit the relative position of the trade union members.

*[25] My focus is mainly on the blue collar staff. And if you find yourself in a situation where you can't negotiate 11,7 per cent for everyone, well, then do it for the vast majority. And then I can at least put in the newsletter that we've realised that fully for the people in pay grades one through six, and for the people above that [...] we have been able to realise a large part of it. – Trade union representative*

While trade unions' wage demands include the lowest six pay grades as their priority, the primary focus in the negotiations is on the most filled pay grades (4-6). As described in the previous section,

the lowest three pay grades are barely used and thus the adequacy of wages for workers in those pay grades does not have the same urgency as those in grades four through six. Moreover, the recent increases of the statutory minimum wage (SMW) did not affect bargaining in urban public transport as directly as some of the other sectors. Bargained pay rates, similar to in the construction sector, already exceed the SMW and were increased to €16 just as the SMW was updated to €14. The trade union interviewee is confident that they can maintain the advantage of the lowest pay grades over the SMW.

*[26] We will include that anyway so that the, what I think of as a very justified difference, will at least remain the same. So that they keep the two-euro advantage they have. And the employer, certainly in the current context, they won't kick up a fuss about that. Because there's a huge scramble going on to differentiate themselves from their competitor-colleagues, in regard to salary levels as well, to hire those scarce bus drivers, tram drivers and so on. Coincidentally, I recently saw: the bus garages of HTM and [name anonymised], a regional transport company, share a single roof. It's a very big terrain. There are buses of [anonymised], buses of HTM, and so they are next to each other. So when we concluded the collective agreement, people from [anonymised] really came to ask when they could start at HTM. Yes, it really is trading in scarcity, because what you take away from [anonymised] creates a new problem there, whereas then you might have solved your problem. That's a huge problem. So for now, I don't expect that if we come up with substantiated arguments to negotiate wage development at the bottom, that the employer would say, no, we shouldn't do that. – Trade union negotiator.*

## 6 Waste management

### 6.1 Employment and social dialogue in the waste management sector

According to Statistics Netherlands (2024e), about 38.000 employees and 1.000 self-employed workers were employed in the collection and treatment of waste and water in 2023; figures for the collection and treatment of waste only were not available from the statistical bureau. In the broader waste and water sector, Statistics Netherlands (Ibid) indicates that roughly 80% of workers in the sector were men. The trade union and employers' representatives interviewed for this study add that most women in the sector are employed in white collar office jobs, and the representation of women among waste collectors is even lower. The large majority of employees (32.000) were employed on permanent contracts. The trade union interviewee reports there is some temporary agency work in the sector, but virtually no self-employment or platform work. Employees are represented in the social dialogue by CNV Publieke Diensten, a federation under the CNV confederation, and FNV Publiek Belang, a union under the FNV confederation.

According to Statistics Netherlands (2023a), 1105 firms were active in the collection and treatment of waste in the third quarter of 2024. Up to 57% of businesses were run by solo-self-employed. A further 21% employed between 2 and 10 people, 13% employed 10 to 50 people, and 7% employed between 50 and 250 people. The remaining 15 firms employed between 250 and 500 people each. About 35 firms with core activities in waste collection and treatment are affiliated in employers association

WENB<sup>31</sup>, which represents employers in waste management in collective agreement negotiations. WENB also represents employers in ten other collective agreements in the sanitation, electricity, gas and water industry. A small share of municipalities continues to operate waste management services in-house. These waste collectors, employed directly by municipalities, are excluded from the GEO collective agreements and covered by the collective agreement for municipal workers instead.

Social dialogue in the waste collection and treatment sector is well-established and industrial relations are described as constructive by both employer and trade union interviewees. Interviewees perceive the sector as one with responsible employers. Although it is not a very high-paid sector, employees have permanent contracts, decent work hours, good relations with their employers, and good working conditions. Contrary to most Dutch sector level agreements, the GEO sector has no tradition of extending the collective agreements to unaffiliated employers. Despite meeting all formal criteria to request an extension of the collective agreement to the sector from the Ministry of Social Affairs and Employment, the bargaining partners have never submitted an application to that effect. Therefore, the application of the GEO collective agreements by employers is voluntary, and only employers affiliated with the WENB are held to the terms of the agreement. Together, the GEO Service and Process collective agreements covered about 73% of employees in the waste collection and treatment sector (NACE 38) in 2022, which is a reduction from about 80% collective bargaining coverage in 2010 (Statistics Netherlands, 2023c).

WENB, FNV and CNV negotiate two collective agreements: GEO Process and GEO Service, covering two sub-sectors with different types of production or service delivery processes (CNV Publieke Diensten et al., 2022b, 2022a). GEO Service firms' core activities are in waste *collection*, and they are primarily dependent on subsidies and municipal tenders. More often than not, municipalities are the largest shareholders in service firms. GEO Process firms' core activities are in the *treatment* of waste, and they tend to be more firmly situated in the private sector. While it is not uncommon for municipalities and provincial governments to be shareholders in process firms, most are fully privately owned.

*[27] To say it simplistically, services is the collection: collecting and disposing of all the waste, hauling it, that sort of thing. That is labour-intensive. And process companies are more about treatment. So incineration, processing. That's more capital-intensive.. – Employers' representative*

While they are two separate collective agreements and virtually all firms in the sector apply either one or the other, the *process* and *service* sub-sectors are part of a single social dialogue. The bargaining rounds for the two collective agreements were conducted at the same time by a single team of negotiators on both trade union and employer sides. Some debate does exist about the practice of negotiating service and process together, as some trade union members believe the firms in the Process collective agreement might be persuaded to pay higher wages if they negotiated separately.

The bargaining partners negotiate a so-called 'standard collective agreement', which assumes that employers that apply the collective agreement will offer pay and working conditions at the negotiated

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<sup>31</sup> <https://www.wenb.nl/>

level, limiting employers' opportunities to pay (some) employees more than collectively agreed. Some union members signal they think their companies might pay more under a minimum collective agreement. However, the trade union representative interviewed for this study says they prefer to negotiate such pay hikes for all employees, rather than only for those in specific firms. Similarly, the employers' association has some members who would prefer to transition to a minimum collective agreement to enlarge their discretion over wages. The employers' association, however, prefers to continue bargaining for a standard collective agreement, citing the threat that larger discretion will lead to competition among firms for the employees in the sector. The expectation, in this case, would be that firms compete by offering *higher* wages than other firms (as opposed to competing on lower wages to cut costs). A second key motivation is that a transition to a minimum collective agreement would raise the costs of bargaining because it would entail multiple rounds of (sector and firm level) bargaining. Contrary to hospitality, the expectation would be that a minimum CBA would come with nested bargaining. Negotiators for both sides thus appear invested in the current model and there is no serious discussion to change this.

## 6.2 Characteristics of wages and wage bargaining in the waste management sector

Statistics Netherlands (2024d) provides data on average wages in the broader waste treatment and water supply sector. Data shows that mean hourly wages in the sector were €26,64 in 2023 (see table 4). Thus falling just below the national average of €27,10. As full-time employment is the standard in waste management, the average monthly and annual wages observed in the sector are both above average. Employees in the sector, on average, earn €3829 per month (compared to the national average of €3042) and €53.240 per year (compared to the national average €42.340).

Table 4 Mean wages in the water supply, sewerage, waste management and remediation activities sector in 2023, by gender

	Women	Men	Total
Mean gross hourly wage	€26,53	€26,67	€26,64
Mean monthly wage (excl. overtime)	€3.115	€3.821	€3.682
Mean monthly wage (incl. overtime)	€3.138	€3.999	€3.829
Mean annual wage (excl. premiums and allowances)	€37.650	€47.980	€45.950
Mean annual wage (incl. premiums and allowances)	€43.590	€55.610	€53.240

Source: Statistics Netherlands (2024d)

As explained above, bargaining for the two collective agreements take place simultaneously by a single team of negotiators. In consequence, the resulting GEO Process and Services agreements are very similar, although differences do exist in terms of negotiated pay rates and standard working time. The two collective agreements share a single job function grid, making the pay scale tables directly comparable (see figures 9 and 10). The pay scale tables in the current collective agreements (2022-2024) include 12 pay grades (A through K). While the collective agreements used to include different pay scale tables for youth workers, those were abolished in 2022. Students completing vocational education degrees for occupations in grade D and above, can be paid according to one pay rates of the grade just below until they complete their degree (art 6.5).

The lower pay grades (A through I) include up to 11 differentiated periodical steps defining the lower and upper bounds of the pay grade's range as well as the intermediate steps (figures 9 and 10, columns



labelled 0/1 through 10/11). In the highest three pay grades (J through L), only a minimum and maximum payable rate are defined. Most employees are found in pay scales C and D, which start around €2.450 gross per month and run until approximately €2.900 in the service collective agreement, and until €3.014 or €3.223 in the process collective agreement. The most common functions are crane operators, garbage collectors, garbage truck drivers, green and recycling street employees. Grade E contains similar the senior functions in the abovementioned job families, whereas foremen are in grade F. Grades G and above contain primarily broader process related jobs in logistics (e.g., process engineer), support staff (e.g., HR and finance occupations), technical staff (e.g., maintenance engineer) and senior sales and customer relations functions (e.g., account manager). Pay grade A, which was dropped in the last bargaining round due to an increase of the statutory minimum wage (SMW) to 14 euro per hour, was an empty scale as far as direct hires were concerned. There were no job functions in pay grade A. However, temporary agency workers were sometimes placed in scale A and B, according to the bargaining partners.

Figure 9 Salary scales in the GEO services

Salaristabel Services per 1 januari 2024 minimum vakantie-uitkering 8% van	2.820 (peildatum 1-1-2024)										
	stappen										
schalen	0	1	2	3	4	5	6	7	8	9	10
A / 1	vervallen	vervallen	vervallen	vervallen	vervallen	vervallen					
B / 2	vervallen	2.422	2.465	2.556	2.653	2.695					
C / 3	2.422	2.497	2.593	2.689	2.787	2.833					
D / 4	2.512	2.616	2.716	2.821	2.920	3.025					
E / 5	2.626	2.734	2.840	2.950	3.055	3.169	3.279				
F / 6	2.739	2.852	2.966	3.080	3.198	3.314	3.434	3.549			
G / 7	2.852	2.984	3.106	3.235	3.364	3.495	3.624	3.755	3.882		
H / 8	2.966	3.106	3.247	3.387	3.528	3.669	3.814	3.954	4.095	4.235	
I / 9	3.081	3.236	3.391	3.546	3.699	3.852	4.011	4.161	4.315	4.471	4.623
J / 10			minimum	3.781			maximum	5.314			
K / 11			minimum	4.117			maximum	5.787			
L / 12			minimum	4.453			maximum	6.264			

Figure 10 Salary scales in the GEO process collective agreement

Salaristabel Services per 1 januari 2024 minimum vakantie-uitkering 8% van	2.820 (peildatum 1-1-2024)										
	stappen										
schalen	1	2	3	4	5	6	7	8	9	10	11
A / 1	vervallen	vervallen	vervallen	vervallen	vervallen	vervallen	vervallen	vervallen			
B / 2	vervallen	2.310	2.312	2.423	2.534	2.645	2.757	2.864			
C / 3	2.336	2.433	2.526	2.623	2.719	2.818	2.912	3.014			
D / 4	2.500	2.571	2.645	2.714	2.787	2.856	2.929	3.007	3.072	3.146	3.223
E / 5	2.788	2.856	2.927	3.000	3.066	3.136	3.209	3.279	3.351	3.422	3.496
F / 6	2.910	3.000	3.081	3.170	3.259	3.346	3.431	3.520	3.608	3.695	3.785
G / 7	3.033	3.141	3.253	3.363	3.473	3.584	3.695	3.808	3.919	4.027	4.136
H / 8	3.158	3.293	3.428	3.565	3.700	3.835	3.972	4.113	4.247	4.380	4.520
I / 9	3.284	3.450	3.613	3.781	3.943	4.110	4.271	4.436	4.600	4.767	4.926
J / 10		minimum	4.027			maximum	5.666				
K / 11		minimum	4.383			maximum	6.177				
L / 12		minimum	4.748			maximum	6.685				

While the pay scales tables from the GEO Process and Service collective agreements look very similar, this can be slightly deceptive. Both collective agreements job function grids include all jobs that exist in one of the two sub-sectors. The distribution of workers over the jobs, however, is uneven between the sectors, and the same job might look very different in a process or a service work environment. In services, more employees are found in the lower pay grades, whereas process firms have more people in the higher pay grades. Therefore, despite the pay scales tables of the process agreement starting

at a (slightly) lower wage floor, wages are higher for most employees. Furthermore, the bargained pay rates are based on different work week length: 38 (grade A through I) or 40 hours (grade J through L) in GEO Process, and 40 hours in GEO services.

***Employer discretion - Wage growth, premiums and allowances***

Despite the characterization of the GEO Process and Service collective agreements as ‘standard collective agreements’, they do offer some room for employer discretion, be it but within limits and requiring the involvement of worker representation, through trade unions or works councils, in these decisions. The collective agreements contain a list of provisions on which individual employers can negotiate working conditions superior to the negotiated minimum conditions. Quite some employees earn above the CBA wages. Primarily this is due to historical arrangements. If the bargained pay rates are insufficient to attract new personnel, employers can increase their pay to adjust for market conditions. The agreement specifies that this has to be implemented in the form of premiums; individual employers are not allowed to alter the pay rates associated with the pay scale tables. Some employers make use of discretionary provisions in the current collective agreement to pay out bonuses, which may not exceed 10% of basic pay, or implement profit sharing schemes. Finally, working conditions that were agreed in a given firm before they joined employers association WENB, have generally continued to exist.

*[28] Some companies are located in certain regions, such as Schiphol Airport, Botlek and Rotterdam.. In that case, you don't so much have competition from other waste processing firms, but from other sectors, so you have to consider how to deal with market allowances. Within the scope of the collective agreement, we also have the freedom to do so. It is a standard collective agreement but you can still take measures at company level due to whatever kind of circumstances. In consultation with the union, you can deviate at company level.. it says here: in local circumstances, your employer can take (temporary) measures on top of the pay scale tables in the form of (temporary) bonuses and/or allowances. So if you a notice that everyone is leaving and going to the petrochemical sector, well, you can say, wait a minute and agree on labour market allowances for certain jobs. - Employer representative*

The advancement within the pay grade is regulated in the collective agreements rather than left to individual employers’ discretion. According to the current collective agreements, every employee will advance one periodical step in their salary grade every year, except for employees to whom such advancement is denied as a disciplinary action to penalise underperformance on the job. There is, however, discussion among employers about this practice, sparked by newly introduced practices surrounding employees’ annual performance and development reviews. Process firms in particular expressed a preference for more discretion to link good performance reviews to faster wage advancement, and to avoid giving worse performing employees periodic wage increases.

Finally, the collective agreements contain premiums for shift work, irregularity bonus, night shifts, shift work. In process firms, shifts are common because the waste treatment processes run continuously. In service firms less so, although there might be two shifts (morning and evening) for garbage truck drivers and waste collectors. The premium payment of work on Sunday has been subject of some discussion, as employers seek to expand operations and service provision to Sundays, for example to be able to open recycling stations where households dispose of bulky waste and recyclable

on weekends. Referring to historical fights for downtime during the weekend, trade unions aim to limit work on Saturdays and Sundays by negotiating prohibitive wage premiums.

### 6.3 Uprating of wages and minimum wages in the waste management sector

The waste management sector is a sector with many adjacent sectors, where employees could potentially find employment. For process firms, who produce energy while processing waste, the energy sector is of keen interest. For firms covered by the GEO services collective agreement, relevant benchmarks are the transport and logistics sector, which also employ truck drivers, and the collective agreement for municipalities, which applies to waste collectors in municipalities that haven't outsourced these activities. In the re-negotiation of collectively bargained wages in the waste management sector, the bargaining partners consider wage developments in these sectors in addition to consumer price index developments. Both employers and trade unions express a preference for bargaining based on developments of the consumer price index (CPI) and wages in adjacent sectors, and referring to the SMW only in the second instance, as a benchmark to check bargained wages against.

In the last round of bargaining, in 2024, the bargaining partners negotiated a 5.5% increase and one additional day of paid leave, as well as a second wage increase of 3.5% per 1 January 2025. In doing so, the agreements completely correct for inflation, and offer some improvement of employees' purchasing power. In accordance with confederal trade union policy, the trade union letter of proposals included a proposal for indexation to the CPI. Both interviewees confirm that this proposal was rejected out of hand by employers, as being too restrictive on employers' discretion and potentially jeopardising the financial sustainability of firms. However, the collective agreements do include an opening clause, which foresees the re-negotiation of wages before the agreement's end date in case of high inflation.

The waste management sector was one of the sectors, and the first sector level agreement in the Netherlands, where such an opening clause was effectively used during the recent inflationary period. In the past years, the sector has closely followed how the wellbeing of workers and competitiveness of wages was affected by the high inflation. Both trade unions and the firms in the sector had received increasing numbers of complaints from workers about the sufficiency of their wages. At the request of trade unions, the bargaining parties convened to renegotiate wages and, in April 2023, an additional pay increase of €125 was negotiated outside the regular bargaining rounds. In addition, the last pay increase foreseen in the 2022-2024 collective agreement was brought forward in time to apply immediately.

*[29] The additional increase last year, the 125 euros nominally, was agreed at a time when there were strikes by the municipal waste collectors. So then, of course, people on the other side of the table see: oh, things are going completely wrong there. And our members too then start to bemoan: oh, why can they achieve a good result there and we're still stuck with the old three and a half percent. That is no longer sufficient. So then they also squeak. That does help in such negotiations. People on the other side of the table do feel that. So I think it really does add to the pressure. It is not ideal, because nobody, yes, I would say, strikes aren't pleasant. Yeah, that always creates a nasty atmosphere in the workplace anyway. And of course you have supporters and opponents of such an action. And afterwards you have to go*

*back to work together. So it really does do something to the atmosphere on the shop floor and also in the relationship with employers. – trade union representative*

While both trade union and employers' representatives interviewed in this study agree that the initiative to renegotiate wages came from the trade union partners, employers found broad support among their members to take action. In part, they refer to the need to maintain labour peace and the value they put in collaborative relations with the trade union partners, as also highlighted in the trade union representative's quote above. Secondly, employers saw the inflation corrections as inevitable in the medium term, reasoning that they would need to adjust for inflation in the next regular bargaining round if they did not do so now.

*[30] In early 2023, the unions therefore asked: yes, can't we make additional agreements? And then we opened the collective agreement, we made additional agreements, so everyone in the pay grades got an extra 125 euros gross, and the salary increase that was planned later in the year, that was also brought forward. So on balance, well on average, I think three and a half per cent was added. It's a nominal amount, so the low-paid got more and the higher-paid got less. But, we really broke open the collective agreement. And then it turned out that we were the first sector collective agreement to do that...I should add, we also did it, well, you do get it back in terms of industrial relations. In the GEO sector we do like labour peace, good industrial relations; I think that characterises the sector. – Employers representative*

Another key factor, for both trade union and employers' representatives, was that several employers have already started to take unilateral action to improve the incomes of their own staff. Especially the process firms, which were making large profits from the rising energy prices while their employees were paying high energy bills at home, had given out once-only bonuses to employees. Both bargaining partners had a strong preference to fix these wage increases collectively. For employers, negotiating a collectively bargained, and especially a structural wage increase also seemed preferable compared to the once-only bonuses that firms were giving out, since the structural wage increases could affect the competitiveness of wages in the sector in a way that once-only bonuses to current staff could not. For trade unions, ensuring purchasing power compensation for all workers rather than a selective few, was the main motivation.

*[31] What we also saw and experienced last year, when we wanted to make that supplementary agreement, was that at a certain point companies came up with all kinds of one-off bonuses right at the start. That happened mainly in the process firms, and that varied from a one-off, say 80 euros or nothing, to 2000 euros gross. And that was because companies were like, gee, you know, these energy prices are rising, they're skyrocketing. And that's pretty weird, because our employees naturally feel that in their wallets, because they have to pay that bill. At the same time, as a process company, we are currently making heaps of money selling that energy. We find that difficult to explain to our own people. So they then came up with all kinds of... well, I don't want to say..., of course it's fine that they do that individually. We did say at the time: 'if you want to do something, let's just make a new provision in the collective agreement. Don't go trying to arrange all kinds of things with your people unilaterally. Because we're going to want to regulate it for everyone in that collective agreement anyway. - Trade union representative*

### ***The impact of inflation corrections and SMW increases on collective wage bargaining***

In the waste management sector, these inflation corrections were implemented with relatively little impact on the pay system of the sector. Contrary to hospitality, employers who had given unilateral bonuses before the collective re-negotiation of wages, were not allowed to deduct these payments from the agreed wage increase of 125 euro. Any earlier bonuses on the firm level, which had been made without consulting the bargaining parties, were seen as separate from collectively negotiated provisions. While both interviewees report that some firms did request to be allowed to deduct earlier payments from the new deal, they did not find support for this at the trade unions nor the employers' association. This might have been due to the classification of industrial relations in the sector or the classification of the collective agreement as a 'standard agreement'. A key difference between the waste management and hospitality sectors was that unilateral, company level inflation corrections in the waste management sector had been implemented as once-only payments, rather than structural wage increases.

The pay system was affected by two developments: the decision to implement a nominal wage increase (of €125) and the lowest pay grade falling below the statutory minimum wage. The nominal inflation correction went against the sector's tradition to negotiate wage increases in terms of percentage – where existing differentials between pay grades are maintained by percentage wage increases and reduced by nominal wage increases. While both trade union and employer interviewees agree with the need for a nominal wage increase in 2024, neither appears inclined to repeat this and the current collective agreement includes only wage increases in percentages. The interviewees note that while a nominal amount increase to correct inflation was justified because the biggest worry was for the lowest paid workers, there is a tension between guaranteeing adequate wages for the lowest pay grades, and maintaining existing differentials in the pay system. Both bargaining partners see the reduction of wage differentials as a threat to career development and employees' opportunities and motivations to grow.

*[32] Yes, I think that is a joint responsibility. Because of course you want the pay structure to be right. Also for my members, who work there, you want that someone who has the ambition, for example, to do another job and move up, that they are rewarded for that. If the pay structure collapses, then my member doesn't see the point, like, okay, I'm going to do something else, but I barely get paid any extra for it. So it doesn't offer encouragement when it comes to career development or career paths. There is a joint responsibility there; I think we are equally concerned about that, both employers and unions. – Trade union representative*

Secondly, the focus of wage bargaining on the adequacy of wages for the largest groups of employees – in pay grades C and D – has allowed the statutory minimum wage (SMW) to catch up with the lowest pay grades following the substantial SMW increase in 2024 (from €12,40 to €14 per hour). The strategy for keeping ahead of the increasing SMW has been to delete the lowest pay grades from the agreement, rather than letting those bottom pay grades grow faster than the higher pay grades, or letting all pay grades come up with by percentages at least the SMW increase.

*[33] Yes, only that is not happening now. It's not like, if we, let's say, if we went from €14 to €16, by two euros, that the rest would also go up by two euros. That doesn't happen. Nor has that happened this time around. What is happening is that the lower scales and steps are being dropped. Anything below 14 euros, that will be dropped, so the rest will simply remain in place.*

*Yes, and you also see that, in the pay scale table you just showed, that has to do with the fact that we went to fourteen euro on one January, and then that bottom pay grade, that is completely below fourteen euros, that is dropped. – trade union representative*

Towards the future, both trade union and employers' representatives agree that the waste management sector faces debates about the sustainability of its pay system. The primary concern is that the strategy to drop those pay grades and periodic steps that fall below the SMW, will eventually lead to the reduction of the number of periodic steps included in the lower pay grades. This, in turn, implies that employees in those jobs have fewer career growth opportunities, reaching the maximum payable rate in their pay grade after only a few years on the job.

## Conclusion and discussions

This working paper, written for the BARWAGE project on the importance of collective bargaining for wage setting in the European Union (European Union social dialogue grant 101052319), aimed to describe and compare the space left for individual decision making on wages by collective agreements on pay in four sectors in the Netherlands: construction, hospitality, urban public transport and waste management.

In the Netherlands, wage fixing takes place on the national level, through the statutory minimum wage, through sector level and firm level collective agreements, and in individual firms, which may or may not involve consultation of works councils. Bargaining partners in all four sectors, share the same context in terms of the intersectoral statutory minimum wage, is updated twice per year, on the 1<sup>st</sup> of January and the 1<sup>st</sup> of July. Minimum wage developments are relatively predictable, as the SMW is updated based on average wage increases among workers covered by collective agreements (Besamusca et al., 2021). Many collective agreements in the Netherlands set wage floors equal to or very close to the SMW (de Beer et al., 2017), which means larger than expected SMW increases, such as in 2024, directly impact the collectively bargained wage floors. In this study, that was particularly the case in the hospitality and waste management sectors, while the construction sector and urban public transport fixed wage floors €2,00 above the hourly statutory minimum.

### **Industrial relations**

Firms apply either a sector level or a firm level agreement, so both types cover all bargaining topics rather than delegating some part of wage fixing to other levels of bargaining. Approximately 75% of employees are covered by a sector or firm level collective agreements. The large majority, over 90%, are covered by a sector level agreement, which are usually extended to cover both organised and unorganised employers, and constitute the predominant level of collective bargaining (OECD & AIAS, 2021). The creation of a level playing field through the extension of sector level collective agreement is a key motivation for Dutch employers to engage in collective bargaining on wages. Of the four sectors in this study, three bargain on the sector level, and one (urban public transport) on the firm level. One of the sector level agreements (waste management) is a so-called 'voluntary agreement' and has never been extended to unorganised employers.

In the interviews, some current impediments to the creation of level playing fields through sector level collective bargaining emerged: in the construction sector collective bargaining coverage is decreasing due to a growing share of solo-self-employed workers, who are engaged as subcontractors. In

hospitality, employers are forced to address labour shortages on a last-minute basis via gig work platforms. Waste management and urban public transport appear less sensitive to these pressures. This might be related to the public-private sector divide, or to the predominance of small firms in hospitality and construction.

### ***Wage components in Dutch collective agreements***

Both firm level and sector level collective agreements in the Netherlands tend to contain detailed pay systems, including pay grades linked to job classification systems, as well as periodic steps within the different pay grades to track advances from the minimum up to the maximum payable rate. Most have detailed pay scale tables, or at least a pay spine. In all of the sectors in the study, the focus of the trade union tends to be on the pay grades that contain the majority of their members, but this usually coincides with the division of all employees across the pay grades.

Success of the bargaining outcomes was also evaluated on this basis more than on the basis of wage floors. In sectors where permanent contracts are the norm, this means that negotiators actively look at the wages associated with the steps in the upper ranges of the relevant pay grades (e.g., waste management) and that the existence of wage floors near or equal to the SMW is not necessarily perceived as much as a priority as in the sectors fixing only the lower bounds of the pay grades, or where members are allocated in the lowest pay grades.

Additional pay components, especially premiums and allowances for overtime, evening/night and weekend work, appear to be considered differently across sectors. In both urban transport and hospitality, virtually all employees are expected to regularly work nights and weekends, which is considered a characteristic of the sector's standard operating hours. In the publicly funded urban transport sector, however, these hours are paid at premium rates nonetheless, while in the private sector hospitality agreement they are not.

### ***Employer discretion on pay in Dutch collective agreements***

Traditionally, Dutch employers were expected to follow these collectively agreed provisions on pay without upward or downward deviations. In an ongoing development towards larger employer discretion over pay, a growing number of collective agreements contain provisions allowing upward deviations, or are classified as 'minimum agreements', allowing employers to offer pay and working conditions superior to those in the collective agreement (Boumans, 2022; Ibsen & Keune, 2018). The interviews for this study confirm that collective bargaining leaves space for employer discretion in all four sectors, although to a different degree and in different ways.

First, two out of four sectors in the study negotiate so-called 'minimum agreements', which fix wage floors rather than expecting pay rates in the CBA to be applied strictly. In both these cases, setting wage floors does not imply that the agreement contains only a single amount. Rather, the pay rates included in the pay scale tables, which can contain detailed differentiations, set out minimum payable amounts.

Secondly, CBAs affording less employer discretion frequently include provisions granting employees the right to advance one step in their salary range for each year of tenure in the job (until the highest

step of the applicable salary group is reached), while other agreements leave advancement through up the applicable salary group to performance assessments by individual employers.

Thirdly, some job function classifications are deliberately vague so as to allow employers to allocate employees in different salary groups. Even in more detailed job classification schemes, often applying the ORWA methodology patented by employers association AAVN, individual negotiations determine in which step of the applicable salary group new employees are allocated.

Fourth, the standard collective agreements included provisions on (temporary or permanent) bonuses or profit sharing. While these may be limited in the collective agreement (e.g., no more than 10% of annual salary according to the pay scale grid), their application and level are determined at the firm level. There is variation across sectors in the extent to which such additional bonuses are expected to involve workers' representatives. Moreover, sectoral differences existed in the extent to which non-collective wage increases by firms, implemented during high inflation periods, can be discounted from collectively agreed increases.

The combination of high inflation and increases in the SMW has resulted in substantial wage increases in all four sectors. The cost of maintaining adequate wages at the bottom, either through intrinsic motivation of the bargaining parties or due to the rising legal minimum, was such that many negotiators resorted to non-traditional wage increases. Rather than letting all wages rise by the same percentage, social partners opted for things like (partially) nominal wage increases (as opposed to percentage), stepped wage increases, or dropping the lowest salary groups from the pay scale tables. All of these actions affect the structure of the pay system. There are limits to how many times social partners can do this without jeopardising the opportunities for career growth in the sector. We might expect many sectors to open negotiations about revisions of the pay system in the next few years.



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