September 29th 2011

FedEE
Federation of European Employers
Fédération des Employeurs Européens

Mettre à jour

Latest News from the Federation of European Employers (FedEE)

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Belgium: Proposed new workplace well-being provisions

The Belgian parliament's social affairs committee has adopted a proposal containing a number of recommendations concerning the prevention of violence, bullying and harassment at work.

The committee proposes changing the existing legal framework - in particular the Law of August 4th 1996 on the well-being of employees in the performance of their work. This obliges each company to appoint at least one person of trust to provide assistance to employees who suffer bullying. The proposal recommends that these individuals receive training, but does not specify who should bear its costs.

The proposals also clarify the distinctions between formal and informal internal procedures for making complaints about violence, bullying or sexual harassment. Currently an employee who files a substantiated complaint is protected against dismissal or unilateral modification of working conditions. However, where a victim finds it impossible to continue working in their job the committee believes they should be entitled to terminate their employment without notice and receive severance pay. Employers should also be obliged, in such circumstances, to provide outplacement services. Where it is eventually confirmed that violence, bullying or sexual harassment has taken place compensation to the value of six months' gross salary should be awarded.

The proposal does not yet carry legal effect, but may well form the basis for a new draft law.

Czech Republic: Employer friendly changes to Labour code

The Lower Chamber of the Czech Parliament has approved a Bill that substantially modifies the Labour code. The changes include:

* Probationary periods will be increased to 6 months for managerial employees,

* The maximum length of a fixed-term contract is to be increased from two to three years,

* The severance pay entitlement of an employee dismissed for organisational reasons will fall from three months' average earnings to a sliding scale

of one to three months' average earnings, depending on the employee's length of service.

* The compensation due to an employee unilaterally terminating their employment with immediate effect (for example, as a result of not being paid) will be the normal salary payable during their notice period - rather than three months' average earnings,

* Some of the administrative obstacles involved in seconding employees are to be removed,

* The maximum annual hours to be worked under an "agreement on working hours" is to increase from 150 to 300 hours,

* Agreements to allow employees to work up to 150 hours of overtime without pay and also managers to work unpaid overtime will be permitted,

* Those subject to non-compete clauses will be entitled to only half their average salary during the restricted period.

The Bill will now be passed to the Senate and President for approval before the expected changes come into force - probably early in 2012.

ECJ: Holiday pay must include supplement

The European Court of Justice (ECJ) has held that the remuneration paid to airline pilots during their annual leave must include the supplementary payment for the time spent flying - as this forms part of their normal remuneration. The case in question involved a dispute by a number of British Airways pilots regarding the calculation of the amount paid in respect to their annual leave. The pilots contended that their holiday pay must be based on their total remuneration, including their two supplementary payments - one for flying time and another for time spent away from their base.

Under the EU Working Time Directive remuneration paid in respect to annual leave must be determined so as to correspond to the normal remuneration received by the worker. The ECJ held that anything intrinsically linked to the performance of tasks which the worker is paid to carry out - such as time spent flying in the case of pilots - must be taken into account when calculating holiday pay. However, it took the view that aspects of remuneration intended to cover occasional costs, such as time spent away from base, should not be included in the calculation [C-155/10 Williams and Others v British Airways plc].

France: Proposed restrictions on religious observance

France's High Council for Integration has recommended a number of highly controversial changes to the Labour code which would allow companies to include in their internal work rules clauses relating to clothing, religious insignia and religious practices.

The new report is a response to growing concerns from some employers regarding religious demands - such as time-off for prayers or for specific types of food in company cafeterias. Although France has banned religious dress in state schools and the wearing of full facial veils in public, no law currently exists covering religious issues that may arise in the private-sector workplace.

The report's author, Alain Seksig, claims that giving force to rules restricting religious observance in the workplace would ensure equal treatment for all employees and protect employers from litigation based on religious discrimination.

Netherlands: Green light for extended secondment scheme

The Dutch government has affirmed its intention to continue to back the exchange of 'knowledge

workers' between employers and academic research institutes, following the success of the initial scheme. From 2013 both the posting of 'knowledge workers' to institutes and vice versa will be given a significant level of state financial support.

The initial scheme arose during the global financial crisis when employers were offered the chance to second 'knowledge workers', rather than dismiss them. A total of 1,900 workers made use of the scheme at a cost to the government of 180m euros.

Netherlands: Parliament votes for pension reforms

The Dutch parliament has finally voted in support of the government's pension reform programme. The state pension age will therefore rise from 65 to 66 in 2020 and thereafter rise in line with life expectancy projections. State pension payments will also rise at the same rate as average pay increases and those on low incomes will receive an annual 300 euro pension bonus payment.

The reforms also include a number of important changes for company pension funds. They will not have to comply so rigidly with formal "coverage ratios" and will be free to invest funds directly in the stock exchange. However, company funds will be subject to tighter external supervision and where trade unions have workplace representation they shall have to be given a voice in the fund's investment strategy.

Portugal: Government presses for employment protection reforms

The Portuguese government has begun talks with the trade unions on its controversial Labour code reforms. Discussions have centred on broadening the interpretation of what constitutes 'just cause' when opting to dismiss an underperforming worker. Under the new proposals, employers would be able unilaterally to terminate an employee's contract should they be found to have become less productive or have consistently failed to meet objectives. These objectives could also be altered at any time during an employee's contract - providing the employer could justify the need for the change.

Current legislation allows for a worker to be removed from a post due to their failure to adapt to new challenges or objectives, but the employer remains obliged to find the worker a new post carrying out similar work. Under the new provisions, a company will no longer be required to offer a new position and may simply dismiss the worker. So far, trade unions have responded negatively to the proposed changes.

Meanwhile, Portugal's two principal trade union confederations have taken up divergent positions regarding the launch of a statutory severance compensation fund designed to meet 50% of dismissed workers' severance payments. The UGT supports the proposal, but is seeking clarification about how future severance payments would be made, whilst the CGTP is refusing to endorse the reform and is threatening national strike action in support of its position.

Pay, Tax and Benefit Trends

EU: Hourly labour costs in the European Union rose by 3.4% during the year to Q2 2011. The non-wage component rose by 3.9% and wages and salaries by just 3.2%. Labour costs grew by 4.3% in industry, 2.8% in construction and 3.0% in services.

FINLAND*:* The Finnish government is to look into the current rules on severance packages for CEOs of state-owned companies, which it believes may be leading to excessive dismissal compensation payments. According to existing rules a state company severance package must not exceed two years' salary. However, Minister Kyllonen has said recently that the compensation

paid must be reasonable and relate to the nature of the company's activities. As operational risks are smaller with companies owned by the state, this should be reflected in severance packages. Last year, the median dismissal payment made to a state-owned corporation's CEO was 339,000 euros, whilst the median for all dismissed CEOs was 255,000 euros.

FRANCE: Multi-site and sector companies in France that wish to pay a single insurance premium for cover in respect to work accidents and occupational disease (AT-MP) must apply to their regional office of Carsat by the end of September 2011. This will allow them to have a uniform rate of contribution, with effect from January 1st 2012, for all their operations in the same risk category (Decree of July 5th - 147/2011).

GERMANY: Germany's ruling coalition Christian Democratic Union (CDU) will consider a proposal at this Autumn's party conference to introduce a national minimum wage covering all industry and service sectors. The resolution is also gaining support amongst members of the Free Democratic Party - the junior coalition partner.

GERMANY: A 24-month collective agreement has been reached in Germany's private insurance industry. The Employers' Association for Insurance Companies and Verdi, the United Services Union, have agreed to a staggered wage increase - with 3% paid on September 1st 2011, followed by 2.2% on October 1st 2012. All 160,000 employees covered by the deal will also receive a lump sum payment of 350 euros.

GREECE: The EU Economic Affairs Commissioner, Olli Rehn, has called for labour cost reductions in the Greek private sector to match salary cuts in the public sector. Labour costs rose in Greece by 20% more than the eurozone average between 2000 and 2009. Although they have fallen by around 4% since 2009 unemployment continues to rise - up to 16.3% in the Q2 2011 from 11.8% in the first half of 2010.

NETHERLANDS: The Dutch FNV trade union federation has set a 2.5% target for next year's pay round. The second largest trade union group - the CNV - has not yet published its 2012 pay demands.

NETHERLANDS: The Netherlands spent 30% of its national income on social benefits last year and expenditure grew by 5% between 2009 and 2010. The largest slice of expenditure was on pensions, sickness and healthcare provisions. However, unemployment benefit costs have grown by 50% since the economic crisis of 2008 and these figures exclude welfare costs met directly by employers - such as up to two years sick pay per absent employee.

SLOVAKIA: The Slovak parliament has passed an important tax amendment. This creates the so-called 'super-gross wage' as the basis for calculating income tax, health and social insurance contributions. The new approach adds all employer benefits and allowances to the employee's gross wage (less accident insurance contributions) before contributions are assessed.

Other European HR news in brief

BELGIUM: The next social elections in Belgium will be held between May 7th and May 20th 2012. During this period employees will be asked to vote for candidates to works councils and health and safety committees. Companies under an obligation to organise social elections will have to take a number of preparatory steps - as the process is strictly regulated in Belgium.

EU: The average exit age from the EU labour force rose from 60.5 in 2004 to 61.4 in 2009. In 2009 the countries with the highest average exit ages were Sweden (64.3) and the Netherlands

(63.5) whilst the countries with the earliest exit ages were Slovakia (58.8) and Hungary (59.3).

EU: The EU Budgets Committee has approved aid totalling 9.7m euros from the European Globalisation Adjustment Fund (EGF) to assist the reemployment of 1,783 redundant workers in Germany, Denmark and Portugal. German workers in the Arnsberg and Dusseldorf regions have recently been made redundant from five automotive industry firms, whilst six wind-turbine firms in Denmark have left 325 workers jobless and 680 employees in Portugal have been left unemployed by the closure of a footwear manufacturer. The EGF assists in finding such workers new jobs through the funding of retraining and job-search activities.

GERMANY: The German Federal Labour court has held that leave entitlement expires upon the death of an employee. The case in question concerned a compensation claim by an employee's next of kin for unused holiday pay following the death of the worker. The annual leave could not be taken due to the worker being on sick leave prior to his death (20/09/11 9 AZR 416/10).

HUNGARY: The Hungarian government is currently finalising a number of planned amendments to the Labour Code. This follows recent agreements with trade unions on changes to holiday entitlement, overtime pay and employment protection. The Prime Minister, Victor Orban, met with both sides of industry last week to reassure them that the planned reforms would not cut real incomes because of "economic adjustments" involving tax changes.

NETHERLANDS: The Dutch accountancy body NBA has proposed to the Financial Markets Authority that bourse-listed companies should be obliged to make public any decision to replace their external auditors. They also believe that the appointment of auditors should be made by the company's Supervisory rather than its Management Board.

SLOVAKIA: The EU blue-card scheme has now been incorporated into Slovak law. The scheme applies to non-EU nationals who wish to work and gain residence in Slovakia. The blue-card is valid for an initial period of three years and to qualify a candidate must have a written job-offer, be genuinely qualified for the position and educated to at least University degree level. The Slovak labour office has yet to confirm an official list of qualifying occupations, but is accepting applications during the interim.

UNITED KINGDOM: The Law Society, the UK's professional body for Solicitors, has been found by the Central London Employment Tribunal to have discriminated against its only full-time member of staff to have a serious disability. According to the claimant, a policy advisor with 11 years of service, the decision to make her post redundant followed the sending of several emails to colleagues accusing the Society of 'systematic discrimination'.

FedEE News:

FEDEE CONSUMER PRICE AND SALARY FORECASTS FOR 2012

FedEE has just published its consumer price and salary budget forecasts for 2012 (see http://tinyurl.com/6xjba9g</a)

It is too early to evaluate the true accuracy of last year's predictions, but evidence from the year to August 2011 suggest that our consumer price forecasts may have underestimated inflation by about one percent. Although news reports continue to predict a gloomy prospect for the European economy GDP remains likely

to grow by an average of 2-2.5% next year, with growth being in excess of 4% in Estonia, Lithuania, the Russian Federation, the Slovak Republic and Ukraine.