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China: How a fashion leads to panic

As stock markets plunge it is difficult not to fear another global recession. But what does it all mean? Of course, falling stock prices do not affect the capital holdings of companies, as companies received their investment when they first floated their shares. It is the investors who lose out. Although, no doubt, if the paper value of the company falls then it may be more difficult for companies to raise loans and the unit value of their future share issues will be lower.

Chinese stocks had risen 150% in the last year, largely on domestic speculation. It has become a fashionable thing for those tasting wealth for the first time to play the stock exchange in China as there is a penchant for gambling in the culture — and the government does not allow other forms of gambling. Most shares in China are also held by individuals rather than institutions.

So when the prices rose beyond reasonable limits a collapse was inevitable. The balloon just popped. It was easy to see it coming — of course that was also the case in 2007, but who was watching?

The problem is that China is the world's second biggest economy and a collapse naturally affects other markets across the world. There is no need for other stock prices to fall in Europe or America, but once a few poorly informed punters go bearish then the institutions have to follow suit. Prices should level out once sense prevails. But the best thing the Chinese government can do now is permit gambling — even through a state owned 'tote'. This would refocus people's speculative instincts and reduce stock market volatility.

Europe: Consultation on EU labour migration policies extended

The deadline for employers and other parties to comment on potential changes to the European Union's labour migration policies and Blue Card system has been extended by the European Commission to September 30th 2015. The original deadline was August 21st 2015.

The aim of the consultation is to gather views on how the EU can address the issue of specific skills shortages and make Europe a more appealing place for workers and investors. Views are sought on how

employers can find the workers they need, how quickly and easily qualifications can be recognised and how workers learn about employment opportunities.

Part of the consultation is dedicated to the EU Blue Card system after the European Commission pinpointed a number of problems with the current system in May 2014.

France: Reforms to social dialogue

Following its approval by the Constitutional Council, the French law on social dialogue and employment was published in the Official Journal on August 18th 2015.

The law introduces fairly significant changes in the area of employer and employee representation and bargaining. It also makes a number of small changes in other areas of employment law including in relation to employment contracts and employee health and wellbeing. Whilst some of the provisions came into force immediately, others will come into force on specific dates in 2016 and 2017. Further details are given below.

One of the most significant changes introduced by the law on social dialogue and employment is the simplification of annual consultation and negotiation processes for employers with works councils. As of January 1st 2016, the current 17 obligations to inform and consult will be regrouped into three wider consultation categories. The 12 obligations to negotiate will equally be reorganised into three groups of negotiations.

Furthermore, following entry into force of the law, companies with fewer than 300 employees may now have a single employee representation group (DUP) comprising the three functions of the employee delegates, the works council and the health and safety committee. Companies with 300 employees or more

are also able to organise employee representative bodies as they wish provided the trade unions representing at least half of its employees agree.

The law also establishes regional inter-professional joint commissions to represent the employers and employees of companies with fewer than eleven employees. The commissions will provide employers and employees with information or advice on any applicable legal or contractual provisions, facilitate the resolution of individual or collective disputes and discuss specific issues relevant to small businesses, such as training, occupational health and part-time work. The law in this area applies as of July 1st 2017, although some provisions will apply as of January 1st 2016.

In relation to employment contracts, the new law allows for fixed-term contracts (CDDs) to be renewed twice, rather than once. However, the total duration of a fixed-term contract, including renewals, may still not exceed 18 months. The law also reduces — from two months to 45 days — the period at the beginning of apprenticeship contracts during which the contract may be freely terminated by either party.

Other changes include the creation of the personal activity account (*compte personnel d'activité*) — which, as of January 1st 2017, will combine the personal training account, time savings account and the hardship account — and the removal of the mandatory nature of anonymous CVs.

France: Employers required to pay bicycle mileage allowance

A law which offers tax incentives to encourage the use of bicycles for travelling to work has been approved in France.

Under the law, employers are required to pay all or part of the costs incurred by employees who travel between their home and the workplace by bicycle or electric bicycle, by way of a bicycle mileage allowance. This provision applies retrospectively from July 1st 2015. As yet, it is not known what the exact amount of the allowance will be, however, in 2014 an allowance rate of 0.25 cents per kilometre was trialled by 10,000 employees from 18 companies for a period of six months. A decree setting the exact rate is expected to be published shortly. This bicycle mileage allowance will be exempt from employer social security contributions up to a maximum limit, to be set by decree.

Furthermore, the law provides that as of January 1st 2016, companies that provide a fleet of bicycles for employees to use for commuting purposes will receive a tax reduction equivalent to the cost of making these bikes available to employees, up to a maximum amount of 25% the cost of purchasing the bicycles.

Hong Kong: Collection of employees' fingerprint data found to be excessive

The Office of the Privacy Commissioner for Personal Data in Hong Kong has found a company's practice of collecting employees' fingerprint data to be disproportionate and unfair.

Following a number of incidents of theft, the company in question installed fingerprint recognition devices to prevent unauthorised entry to the workplace and to monitor employee attendance. CCTV cameras had already been installed on the company's property and different types of locks were used to increase security. An employee suggested to the company that they consider some other alternative to the collecting of fingerprint data or at least obtain written consent from employees before collecting their fingerprint data. When these suggestions were not taken up she

submitted a complaint to the Office of the Privacy Commissioner for Personal Data.

The Commissioner found that, for a number of reasons, the collection of employees' fingerprint data in this case was not absolutely necessary for the purposes of security and monitoring employee attendance. Firstly, the company only employed 20 employees, therefore it was easy to monitor employees' attendance without needing to resort to collecting employee's fingerprint data — the company could have used another security system that did not require sensitive personal data to be collected or retained, for example by using smart cards or a passcode. Secondly, it was considered that the CCTV cameras that were already in place were more effective than the fingerprint recognition devices at preventing unsanctioned entry. Thirdly, the use of the fingerprint data was held to be unfair as no alternative options were given to the employees and the employees were not informed of how the devices operated, the privacy risks involved, the measures the company had taken to prevent improper handling of data, how long the data would be retained and other relevant information.

The company was ordered to stop collecting employees' fingerprint data and to destroy all fingerprint data collected from both current and past employees.

Singapore: Companies face greater scrutiny over hiring of foreign professionals

Following the announcement that it would be intensifying its inspection of Employment Pass applications from companies with a particularly high number of foreign professionals, managers and executives, Singapore's Ministry of Manpower has identified 38 companies that it believes have shown poor commitment in complying with the Fair

Consideration Framework. The Ministry has placed these companies on a watch list meaning that their applications for Employment Passes will be examined more closely. If one of these companies fails to cooperate with requests for additional information they could be banned from hiring foreign professionals.

The Fair Consideration Framework was established to ensure that companies consider Singaporean job candidates fairly before hiring foreign workers. In addition to those that have been placed on the watch list, a further 100 companies have been identified as having scope to improve their hiring and career development practices. These companies will be encouraged to do more to train, develop and promote local professionals, managers and executives. In areas where there is a shortage of qualified Singaporeans, employers will be urged to transfer knowledge from their foreign workers to their Singaporean workers.

United Kingdom: Dismissal for gross misconduct found to be fair despite delay

The UK Employment Appeals Tribunal (EAT) recently held that the dismissal of an employee who had made derogatory comments concerning their employment on a social media site was fair. This was despite the fact that the comments had been made two years before the dismissal and that the employer had been aware of the comments, but had taken no action.

In this case, the issue of the employee's derogatory comments was only brought up after the employee raised a number of grievances about his employment and working conditions. At the mediation hearing scheduled to deal with the employee's grievances, a manager showed evidence of the derogatory comments the employee had made about his job and his managers on his personal Facebook page. The manager also revealed a post on Facebook in which

the employee had indicated he was consuming alcohol while on standby duty – despite the fact that this was prohibited. Although the manager had known about these posts two years earlier he had taken no action before now. The employee claimed that the comments were just 'banter' but the employer took the decision to suspend him and subsequently dismissed him for gross misconduct on the basis that the comments could discredit the company.

Disagreeing with the Employment Tribunal, the EAT held that the employer had carried out a thorough and procedurally fair investigation. The decision to dismiss the employee fell within the range of reasonable responses open to an employer and as such the employer could fairly dismiss the employee. [British Waterways Board v Smith [2015] UKEAT 0004_15_0308]

USA: California's new paid sick leave law amended

On July 1st 2015, a new law came into force in California, USA, which required all employers to provide their employees with at least three days of paid sick leave per year. Only 13 days later, however, the law was amended in order to clarify certain provisions. Some of the key amendments — which came into force immediately — are detailed below.

First of all, the amendments clarify that an employee must have worked for the same employer in California for at least 30 days within a year from commencement of employment in order to qualify for paid sick leave. The requirement for employees to have worked for the same employer during this period was missing from the original law.

Furthermore, whilst the original law stated that accrual of sick leave would be at a rate of one hour for every 30 hours worked, the amended law allows employers to use alternative accrual methods. Under the amended law,

accrual may be based on pay periods or days or weeks of employment — provided the method allows workers to accrue leave on a regular basis and provides for at least 24 hours of paid sick leave to have been accrued by the 120th calendar day of employment or in each 12-month period.

In addition, the new sick leave law states that employers must provide employees with written notice of the amount of paid sick leave — or paid leave in lieu of sick leave — they are entitled to. This must either be included on the employee's itemised wage statement or in a separate written notice provided with the wage slip. The amending law has clarified that when an employer provides an unlimited amount of sick leave they will comply with this requirement by simply stating 'unlimited' on the wage statement or separate written notice. Changes have also been made in relation to the methods of calculating sick pay and the provision of additional sick leave.

Pay, Tax and Benefit Trends

BAHAMAS: The government of the Bahamas, acting on a recommendation from the National Tripartite Council, has decided to increase the national minimum wage by 40%. With effect from August 15th 2015, the new minimum wage rate will be 210 US dollars per week, 42 US dollars per day or 5.25 US dollars per hour.

HUNGARY: According to the Hungarian Central Statistical Office, full-time employees in Hungary earned, on average, 243,200 forint (867.50 US dollars) gross per month in the period January to June 2015. This is an increase of 3.5% compared to the same period in 2014. Average monthly gross earnings were highest in financial and insurance activities (501,000 forint/1,787 US dollars) and lowest in human health and social work activities (145,900 forint/520.50 US dollars).

IRISH REPUBLIC: The Republic of Ireland's Minister for Business and Employment, Ged Nash, has announced plans to hold a conference with employers and trade unions on September 30th 2015 in order to discuss the idea of introducing a voluntary living wage scheme in Ireland. The Living Wage Technical Group has estimated the living wage in Ireland to be 11.50 euros (12.82 US dollars) for 2015. This is almost three euros higher than the current hourly minimum wage of 8.65 euros (9.62 US dollars).

MALTA: Malta's Highly Qualified Persons Rules have been amended so that high-earning expatriates may now benefit from a favourable fixed-rate income tax rate for longer. Under the Highly Qualified Persons Rules, expatriates from the EU, EEA and Switzerland earning in excess of 81,457 euros (90,000 US dollars) (2015 rate), under an eligible employment contract, may take advantage of a reduced flat-rate income tax of 15% in respect of all work conducted in Malta, for a period of five years. As a result of the recent amendment, these expatriates may now apply to extend this period once for a further five years. This extension will not, however, be available to expatriates who have been living in Malta since before January 1st 2008.

PERU: Despite wide expectations that Peru's national minimum wage would increase this year, Prime Minister Pedro Cateriano has announced that no increase will be made to the minimum wage rate before the end of the current president's government next year. Peru's minimum wage has not increased since 2012 and is one of the lowest in Latin America.

PORTUGAL: In Portugal, the Labour Cost Index increased by 1.2% in Q2 2015 as compared with Q2 2014. In the private sector, wage costs per hour actually worked increased by 2.9% and other costs increased by 0.5%. In industry, wage costs increased by 3.1% and other labour costs increased by 1.5%. In construction, wage costs increased by 5.6% and other

costs increased by 3.2% whilst in services, wage costs increased by 2% and other costs decreased by 0.8%.

QATAR: According to reports, the implementation of a new wage protection system in Qatar has been postponed. The system is intended to ensure migrant workers receive their wages when they are due. Under the system employers will be required to pay their employees either twice per month or once per month, and wages must be electronically transferred to the employees' bank accounts. Employers found not to have paid their employees on time could face fines of up to 6,000 Qatari riyals (1,650 US dollars), be banned from hiring new employees, or face imprisonment. The system is now expected to go into effect on November 2nd 2015.

SOUTH AFRICA: South Africa's National Union of Mineworkers (NUM) recently signed a three-year wage deal with one of the world's largest platinum producers, Northam Platinum, for workers at the Zondereinde mine. The basic minimum monthly wage for entry-level underground workers will increase by 13% in the first year, 11.6% in the second year and 10.5% in the third year. Employees in supervisory roles will receive a pay increase of 7.5% in each of the three years. The NUM also recently concluded a two-wage agreement with the mining and resource investment company Village Main Reef. This agreement will see underground workers receive a wage increase of 1,000 rand (78 US dollars) and surface employees an increase of 800 rand (62 US dollars).

SWITZERLAND: The latest statistics published by the Swiss Federal Statistical Office demonstrate that the pay difference between male and female workers in the private sector in Switzerland fell gradually between 2009 and 2012 from 25% to 21.3%. The gender pay gap varies considerably according to economic sector — in 2012 the pay gap was 11% in hotels and restaurants, 18.6% in health and social work, 19.5% in

retail trade and 34% in financial and insurance activities.

Other Global HR News in Brief

AUSTRALIA: A recent ruling by the Fair Work Commission in Australia has highlighted the importance of employers serving alcohol responsibly at work functions. The case involved an employee who, whilst intoxicated at a work party, verbally abused and sexually harassed other employees. As a result of his behaviour the employee was dismissed. The Fair Work Commission found that, although employees were told that the company's usual standards of conduct would apply at the party, it was contradictory for an employer to expect these usual standards while providing an unlimited supply of alcohol. The company had not taken the appropriate steps to ensure that drinks would be served responsibly and had not put a person in charge to monitor the event. This, amongst other reasons, led to the dismissal being deemed unfair. [[2015] FWC 3156]

FRANCE: The number of apprenticeship contracts being entered into in the private sector in France has started to decrease. A report published by the Directorate for the Coordination of Research, Studies and Statistics (DARES) reveals that in 2014, 265,000 new apprenticeship contracts were signed, which is 3% less than in 2013 and 8% less than in 2012. According to the report, between 2003 and 2008 the number of apprenticeship contracts being entered into was increasing at a rate of 5% per year. However, between 2008 and 2012, the numbers remained stable with an average of 290,000 apprenticeship contracts being signed each year.

GERMANY: On August 1st 2015 changes to Germany's rules regarding business visitors took effect. Non-EEA national business visitors visiting Germany to undertake such activities as attending

business meetings, participating in internal discussions and signing contracts are now entitled to stay in Germany for up to a total of 90 days within a 180-day period. Business visitors carrying out other activities including attending or holding internal seminars or training remain limited to stays not exceeding a total of 90 days in a 12-month period. The changes bring German immigration rules into line with the Schengen rules on business stays.

POLAND: It has now been confirmed that changes to the Polish Labour Code regarding fixed-term contracts will come into force on January 1st 2016. The amendments limit the maximum duration an employee may be engaged on a fixed-term contract to 33 months, or three fixed-term contracts. Additionally, the notice periods that apply to fixed-term contracts must be the same as those that apply to permanent contracts.

ROMANIA: Romania's law on maternity protection at work has recently been amended and supplemented in order to reconcile it with the country's health and safety law of 2006. The changes mainly concern expression and phrasing and no significant changes have been made altering the rights of female employees. Employers remain obliged to take measures to ensure that pregnant or breastfeeding employees and employees who have recently given birth are not exposed to risks that may affect their health or safety. They also may not compel employees to perform work that may be detrimental to their own health or that of the child. If an employer is unable, for justified reasons, to make adjustments to the workplace or the employee's job role to reduce the risk to the health and safety of the employee or their child, a doctor may grant the employee maternity risk leave for a period not exceeding 120 days.

RUSSIA: Recent amendments to the Russian Labour Code have introduced rules for the implementation of professional standards in a number of professions in

Russia. These amendments will come into force on July 1st 2016. The introduction of professional standards will require workers to possess certain skills or qualifications before they may carry out a particular role. Where legislation states that these professional standards are mandatory, a job may not be performed unless all the criteria of the professional standard are fulfilled. In all other cases, professional standards should be used by employers as a basis for determining the requirements for the job.

UAE: A new public holiday has been declared in UAE. President Sheikh Khalifa bin Zayed Al Nahyan has announced that November 30th will be an annual non-working public holiday across the nation for the purpose of commemorating Martyrs Day.

UNITED KINGDOM: According to the UK's Office for National Statistics, in the twelve months leading up to June 2015, there were 670,000 working days lost as a result of 156 labour relations stoppages. Pay remained the principal reason for labour disputes. There were more strikes in the private sector than in the public sector during the last three years, but the stoppages tended to last much longer in the public sector.

UNITED KINGDOM: As of September 1st 2015, individuals applying for entry into the UK under the Tier 1 category visa (Entrepreneurs and Investors) will need to obtain a criminal record certificate for every country they have lived in for 12 months or more in the 10 years prior to making their application. If the new scheme is successful, this requirement will be applied to other visa categories from 2016.

USA: The USA's Occupational Safety and Health Administration has proposed reducing the current permissible exposure limit to beryllium by 90%. Beryllium — a type of metal used widely in industries such as aerospace and electronics — is liable to cause significant health problems in those exposed to it. The proposal is currently open to public comment

Dates for your diary:

September 1st 2015: A new Data Protection Law will enter into force in **Russia**.

September 1st 2015: The use of the eVisa system will become compulsory in **Kenya** and the manual application system will be abolished.

September 6th 2015: A consultation seeking views on the new gender pay regulations in the **UK** ends.

September 30th 2015: Deadline for comments on potential changes to the **European Union**'s labour migration policies and Blue Card system.

October 1st 2015: Amendments to the municipality of **Shanghai**'s Rules on Collective Agreement come into force.

Latest news for business travellers:

Semaf, a trade union representing train drivers, has announced that there will be four days of strikes on September 4th, 11th, 14th and 15th in **Spain**. Each strike will last 24 hours. Travellers should expect delays and cancellations to train services.

A series of train strikes and planned maintenance work will occur over the August bank holiday weekend (August 29th to August 31st) in the **UK**. Travellers should expect significant delays and disruption to train services.

Business travellers should be aware that Tropical Storm Erika currently looks set to hit the **Bahamas** and **Florida** this weekend and early next week.

A state of emergency has been announced for the certain municipalities in the state of Tachira in **Venezuela** as a result of an attack near the border with Colombia. Many important border crossing points between the state of Tachira in Venezuela and Colombia have been closed or partially closed, so travellers should expect significant delays to their journeys.

Recent protests across **Lebanon** have resulted in violent clashes. Travellers are advised to avoid large gatherings, protests or demonstrations and to monitor local media for updates.

Flights between **Australia** and **Bali** continue to be disrupted following recent eruptions of the Mount Raung volcano. Travellers are advised to contact their airlines to stay up to date with developments.

FedEE news:

FELLOWSHIP MEETING: The next Fellowship meeting will take place in London this Autumn. If you are a Fellow and have not yet booked your place, contact us now on +44 (0)117 975 8611. For more information about Fellowship and our Fellowship meetings, please contact Cassandra Lu on cassandra.lu@fedee.com.

UPDATED LAW PROGRAMME PRESENTATIONS: We have now completed the updating of our audio-visual law programme presentations for 2015. Updated presentations are now available for England and Wales, France, Germany, the Netherlands, Poland, Russia, Spain and Sweden. New presentations are also now available for Argentina, Brazil, Mexico, New Zealand, Peru and Venezuela. Our [Law Programmes](#) can be found in the Members' Area.

NEW COUNTRY COVERAGE: As some of you may have noticed we are currently in the process of adding Knowledgebase entries for Hong Kong, Kenya, Canada, USA and Taiwan. An entry will also soon be available for New Zealand. If there are any countries which we do not currently cover and you would particularly like to see covered in the Knowledgebase, please let us know by writing to us at admin@fedee.com.

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