



FedEE
Federation of European Employers
Fédération des Employeurs Européens

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Latest News from the Federation of European Employers (FedEE)

Inside this Issue:

Austria: Part-time educational leave introduced

Lithuania: New EU Council Presidency's policy agenda

UK: Equivalent worth key to equal pay case

Czech Republic: The legality of secondary employment contracts

Poland: Pension reform now in prospect

Croatia: New law unlikely to encourage greater investment

Netherlands: Sickness premium costs to rise

Slovakia: Changes in data controller-processor rules

Austria: Part-time educational leave introduced

New provisions under the Austrian Labour and Social Code came into force on July 1st regulating the entitlement of employees to a working arrangement known as 'educational part-time' (Bildungsteilzeit). This work-leave arrangement has been introduced as a more flexible alternative to educational leave (Bildungskarenz), which will continue to exist.

Employees have no legal entitlement to an educational part-time working arrangement and only employees with a minimum seniority of six months are eligible. If all the prescribed legal requirements are met and the employer agrees to educational part-time employment, the employee may claim a payment from the Austrian Public Employment Service — provided the application is filed at least four weeks prior to commencement of the new employment arrangement.

The rules state that a maximum of four employees in a company employing up to 50 employees, and 8% of employees in a company employing more

than 50 employees, may work part-time for educational reasons under these provisions at any one time.

Croatia: New law unlikely to encourage greater investment

A new investment law recently came into force in Croatia ahead of the country's EU-entry on July 1st. This seeks to remove the many bureaucratic delays that have plagued investors in the past. Now all formalities required to obtain a licence to establish an operation in the country must be completed in a maximum of 30 days — if the investment is in excess of 150 million kuna (20M euros).

However, although there are attractive corporation tax reductions for projects creating more than 10 jobs, investors are unlikely to rush its borders now the country is an EU member state. Foreign direct investment last year was around 20% down on its peak in 2008 and the country has not experienced any economic growth during the last four years. This is partly because the country remains poorly governed and corruption in all areas of the



economy remains rife. City surtax rates on those with high incomes can also lift the top marginal income tax rate to 58%.

Czech Republic: The legality of secondary employment contracts

The Czech Supreme Court has been deliberating over the practice of employing the same worker on two separate contracts. The case in question involved a delivery driver who was paid under one contract to deliver goods and under another for collecting money from customers for the goods.

The Supreme Court agreed with the three subsidiary court decisions that the division between these tasks was arbitrary and, therefore, the minor of the two contracts was void. However, they nevertheless concluded that an employment relationship between an employer and a specific employee can be performed through two separate contracts, provided the work performed is clearly different in kind and does not simply divide different elements of otherwise integral tasks. It is also necessary for the employee's total working time not to exceed legal limits and for a secondary contract not to exceed half of their average weekly working time. [Sp,21 Cdo 1573/2012 of June 11 2013]

Lithuania: New EU Council Presidency's policy agenda

On July 1st Lithuania took over the six-month rolling Presidency of the Council of the European Union.

The priority for the new Presidency will be employment and social policy — particularly combating youth unemployment and launching the 'European Alliance for Apprenticeships'. There will be an emphasis on improving the relevance of education to the labour market and ensuring that EU freedom of movement rights are fully protected. Lithuanian Minister for Social Security

and Labour, Algimanta Pabedinskiene, additionally wants to secure agreement on a Directive to improve the gender balance amongst non-executive directors of stock exchange listed companies.

Poland: Pension reform now in prospect

The Polish government is currently considering an overhaul of its pensions system, following the failure of state-guaranteed private pension funds to perform in recent years. Another motive for reform is the fact that the diversion of a proportion of employee social security contributions to the funds is making the public spending deficit worse.

Back in 2011 the government cut the proportion of employee pay going to private "second pillar" funds from 7.3% to 2.3%. Although it is unlikely that existing social security funding will be removed altogether, it may order the private funds to transfer pension capital to the state fund 10 years prior to retirement or allow employees to opt out of second pillar schemes.

Slovakia: Changes in data controller-processor rules

A new Data Protection Act came into force in Slovakia on July 1st 2013 (122/2013 Coll).

This has introduced a number of important improvements — such as a relaxation of notification requirements for cross-border transfers and a raising of the threshold for appointment of a "responsible representative" by data controller. However, companies using external organisations for processing their data must now have a formal agreement with the processor containing a number of specified details. Data processors also have a new duty to warn their client (data controller) about non-compliance with the Data Protection Act and to report their client to the Slovak Data Protection Office if they fail to remedy the problem.



UK: Equivalent worth key to equal pay case

The UK Supreme Court has ruled that the local authority Dumfries and Galloway Council had not given equal pay to 251 classroom assistants and nursery workers when compared with equivalent male manual workers employed by the Council.

The Council had paid male workers such as groundsmen and leisure attendants according to a "green book" which provided more bonuses and pay supplements than the "blue book" used to determine the pay of the female workers in nurseries and primary schools. This case, which dates back to 2005, will have an immediate impact on similar public sector claims and could amount to £500m (590m euros) in Scotland alone.

UK: Disability under the spotlight

Two recent cases before the English Employment Appeals Tribunal have highlighted several complex and sensitive issues concerning disability in the workplace.

In the first case (Mr Ahmed v Bedford Borough Council) the court confirmed that an employer has every right to require an independent medical examination, if objectively justified, to determine the nature and extent of a claimed disability. Moreover, Groves v House of Commons and others tested the employer's burden of proof requirements in a case where a claimant had cited victimisation under the Disability Discrimination Act 1995 when their employment contract was not confirmed following a probationary period.

Pay, Tax and Benefit Trends

EUROPE: A study carried out by GE Capital has found that CO2 emissions from company cars in 11 European countries fell, on average, by 15.2% between 2008 and 2012. However, fuel costs as a proportion of the total cost of vehicle ownership rose from 21% in 2010 to 26% last year.

FRANCE: The French minimum wage (SMIC) was potentially due to rise on July 1st to reflect an indexation adjustment. However, no increase to the 9.43 euros an hour rate was made. The next increase of the SMIC is now due on January 1st 2014.

GERMANY: A new minimum wage will come into force on August 1st 2013 in the German industrial laundry sector. Hourly wages in this highly competitive industry will be established at 7.50 euros in eastern Länder (states) and 8.25 in western Länder. However, from 2016 there will be a common hourly minimum wage of 8.75 euros. The two industry associations and IG Metall union that together reached the agreement have asked the Federal Ministry of Labour and Social Affairs (BMAS) to make it generally applicable to all employers in the sector.

IRISH REPUBLIC: Almost all trade unions in the Irish public sector have now signed up to the government's so-called "Haddington Road Proposals" which are designed to help it meet IMF/EU public spending targets. The changes differ between bargaining groups, although they generally involve a freeze on increments, the removal of certain allowances, an increase in normal weekly working hours and pay cuts of 5-10% for the highest paid.

LATVIA: Latest figures from Latvia's Central Statistical Bureau indicate the proportion of employees receiving the national minimum wage (NMW) in different age groups. In March 2013 54% of employees aged under 19 received the NMW. This fell to 22% for those aged 25-34 and then progressively increased by age to 25% for employees age 50-64. The proportion on NMW then continued to rise more dramatically to 35% in the 70-74 age group.

MACEDONIA: The average gross pay level in the Republic of Macedonia was 30,799 denars (505.67 euros) in April 2013. This was 1.2%



higher than in April 2012. At the end of the month employees in the information and communication sector received a pay decrease of 27.6% compared with the previous month, whilst 1.7% of all employees in the country failed to receive any earnings that were due.

NETHERLANDS: Sickness benefit contributions for temporary workers are set to rise in the Netherlands next year. This is because the premium paid to the government by employers to cover the cost of sickness benefit after the expiry of the employment relationship will be calculated based on the number of their temporary employees who claimed sickness benefit in the previous year.

NETHERLANDS: Research carried out by the Dutch employers' association AWWN has revealed that holiday carryover in the Netherlands now amounts to an average of 16 days per employee. Although this has fallen from 18.5 days in 2011, the value of the carryover has risen by 1bn euros in the last two years to 16bn euros — due largely to pay increases. The burden of this liability is aggravated by the obligation upon companies to include carryover values on their balance sheets.

NETHERLANDS: The Dutch cabinet has agreed to introduce a four-week waiting period before basic unemployment benefits begin. The Amsterdam municipality is also going to drop its programme to assist the unemployed on a long-term basis. This follows an evaluation of their re-integration support scheme that cost 220 million euros a year and resulted in only 15 of the 40,000 on the scheme securing a job.

SWEDEN: Bus drivers are the latest group to secure a long-term pay deal in Sweden. Following a nine-day stoppage the bus drivers' union Kommunal agreed with the Bussarbetsgivarna employers' association to accept a settlement

worth a total of 6.8% over three years. Similar deals were agreed by construction and industrial workers this Spring.

Other European HR news in brief

BULGARIA: There has been much unrest over the past few weeks in Bulgaria with daily widespread protests in Sofia against ballot rigging, state corruption, government austerity measures, the appointment on of an unpopular media mogul as Bulgaria's head of security and continuing low living standards. This is likely to extend during coming weeks into strike activity involving particularly mine, rail and postal workers.

EUROPE: In our last newswire we warned FedEE member companies about the significant threat to the European economy and employment posed by social unrest in the vicinity of the Suez Canal. Instability in the region continues and the military has increased patrols along the canal. Settlements around Suez have already experienced violence this year resulting in minor stoppages along the 190km waterway. The last major closure of the canal was for eight years from 1967 to 1975 forcing sea traffic to be diverted around the Cape.

EUROPE: The results of the 2012 EU Labour Force Survey reveals that the total labour force in the European Union (including employed and unemployed workers) rose by 1.1 million between 2011 and 2012, to 241.1 million. Part of this increase was due to older workers remaining in employment for longer. The employment rate for those aged 55-64 rose over the year by 1.5% to 48.9%, with a slightly larger overall rate of increase for women than men. Part-time employment was highest in the Netherlands (49.2%) and lowest in Bulgaria (2.2%), whilst Poland overtook Spain last year as the country with the highest proportion of employees on temporary work contracts.



EUROPE: A report recently published by the European Commission calls on EU member states to do more to integrate Europe's 10-12 million Roma people. An EU Framework for national Roma integration has been in place for over two years, but little concrete progress has been made. That is why the Commission is drafting a formal recommendation for adoption by the European Parliament and Council of Ministers. This will contain a specific focus on five countries with high concentrations of Roma people — Bulgaria, the Czech Republic, Hungary, Romania and Slovakia.

EUROPE: The Brussels-based Committee of European Construction Equipment (CECE) has published a number of recommendations aimed at harmonising the training and licensing of tower crane fitters and drivers. The Committee believes there should be a European certificate for both skill sets which has a strong health and safety element and extends to an understanding of load capacities and the reading of load diagrams.

HUNGARY: A number of amendments to the Hungarian Labour Code are due to come into force on August 1st 2013. These include a new

standardised way to calculate pay during certain periods of leave (absentee pay), a restriction on holiday carryover rights (carryover will only be possible with age-related additional annual leave), and a right to receive a 50% premium for working overtime on Sunday.

RUSSIA: A draft amendment to the law on state arms orders has been submitted to the Russian parliament (Duma) by the government. If passed, individuals or companies will face substantial fines in the event that defence equipment or services do not comply with the terms of a procurement contract. A fine may also be levied if the terms of a sealed bid do not match those laid down by Federal Defence Procurement Service.

UK: The British Business Secretary, Vince Cable, intends to conduct a review of the use of zero-hours contracts. According to the British Labour Force Survey, the number of employees on zero-hours contracts rose by 25% in 2012 and has risen by more than 150% since 2005. Although zero-hours contracts are unlikely to be banned, the review may lead to restrictions on their use or added protections for workers employed under them.

FedEE news:

FEDEE FELLOWSHIP — JOIN AT NO CHARGE UNTIL JULY 31ST 2013

Following considerable feedback from members we have decided to improve our new Fellowship programme. FedEE Fellowship will now be separate from attendance of Fellowship meetings ("Welbi Group" meetings) and we are offering HR Directors and their first reports in FedEE member companies the opportunity to sign up for individual Fellowship at no charge — provided they do so before the end of July (after which an annual fee will apply).

Only Fellows will be entitled to attend Welbi Group meetings. Participation can now be booked on an event-by-event basis, rather than making it necessary to commit to both meetings held alternately in the UK and the south of France each Autumn and Spring.

For further information about FedEE Fellowship please visit
<http://www.fedee.com/about-fedee/events-programme/>.



JSB EMPLOYMENT LAW TRAINING OFFER: FedEE and [JSB](#) are working in partnership to offer FedEE members a 10% discount on any international employment law course booked using the discount code 'fedee12'.

JSB offers a wide range of employment law training for HR professionals, covering all aspects of UK and international employment law.

Full details of their employment law programmes can be found [here](#).

Their full range of **international employment law courses** covers over 30 countries, including comprehensive 1-day seminars on many European jurisdictions. Each seminar is led by a legal expert from the country in question, providing first class legal expertise that links legislation to practical HR management challenges. Full details of their upcoming courses can be found [here](#).

To activate the FedEE member discount code, simply quote 'fedee12' when booking.

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