

Summary of some important laws regulating working life

Co-determination Act

This act stipulates a right for employees and employers to associate in organisations and to act through them without interference by the other party. This is known as the right of association. Any failure to respect this right can result in liability to pay damages.

The law states that employers and employees shall, by their organisations, regulate their relations by negotiation. A primary instrument in this context is the collective bargaining agreement.

Collective bargaining agreements play a dominant role in the regulation of employment. The definition of collective agreement, is an agreement in writing between an employer or employer association and a trade union. The agreement shall regulate employment terms or the relations between the parties.

Once a collective bargaining agreement has been reached, an industrial peace obligation comes into effect and collective industrial action with the aim of changing existing collective bargaining agreements cannot be taken. Breach of a collective bargaining agreement or an industrial peace obligation renders the offender liable to pay damages. During the term of the agreement, disputes shall be referred to the courts for settlement.

The most significant sections in the Co-determination Act are the ones concerning the extended right to negotiate, the right to be informed, the interpretative precedence, and the right of veto. Several business decisions need to be preceded by negotiations with the affected trade union. An obligation to negotiate arises for example prior a transfer of undertaking, re-assignment of employees and in redundancy situations.

Act on Trade Union Representative's Position at the Workplace

The local union branch is in principle free to decide how many representatives that are to be appointed at a workplace. These individuals may not be discriminated against or prevented from performing their union duties. Within rather wide limits, these representatives are entitled to leave from work when they need to perform their duties. The amount and timing of this leave is decided in consultation with the employer.

Depending on what kind of duty the leave concerns, it can either be with or without payment. Union activities, which relate to the representative's own workplace may be performed without loss of pay. To a limited extent, remuneration is payable for union activities outside working hours.

In the event of a dispute on this, the opinion of the union will prevail until there is a court decision.

Work Environment Act

The Work Environment Act places a great emphasis on chemical risks to health. It also focuses on psychological aspects of the work environment. A fundamental principle is that work should be adapted to the physical and psychological situation of the employee. The act also regulates an employer's obligation to perform systematic work environment actions and plans. Employees may announce a work environment representative which the employer needs to consult with in work environment related questions.

The act contains several different sanctions as damages, fines and even imprisonment in serious cases of misconduct.

Annual Leave Act

The Annual Leave Act regulates entitlements to holidays and holiday pay. The statutory holiday entitlement is 25 days. The entitlement for leave begins in the first year of employment. Holiday pay is, however, only paid if it has been earned. The qualifying year runs from April 1st to March 31st. The same period the next year is the year when paid days can be taken out in leave. Holiday pay is earned during time of duty but also during certain leaves of absence, illness and parental leave for example, but for a limited period of time. The employee is entitled to save paid holidays under certain circumstances.

Collective bargaining agreements usually contain deviations and/or additions to the Annual Leave Act.

Employment Protection Act

The Employment Protection Act applies to all employees except the categories listed in Section 1, CEO and family members for example. It regulates both the commencement and termination of employment and limits the right to employ people on a temporary basis. A probationary period prior

to a permanent employment is allowed up to 6 months. Fixed-term contracts are permitted in specific forms, but will transform into permanent employments after a period of time specified in the law.

The law constitutes a special protection for employees with permanent employment and to some extent employees with fixed-term employment. Dismissals must be on objective grounds, if not, they are deemed unlawful. An employee terminated on objective grounds has the right to a notice period of one month or more, depending on the time of employment within the company. The employer is obliged to pay full salary and benefits during notice periods. Where there is gross misconduct an employer can summarily dismiss an employee in which a notice period is not granted.

Unlawful dismissals can result in large damage claims. Under certain circumstances, the court can compel an employer to re-employ an individual after a termination.

The act contains rules concerning the order in which individuals are to be terminated and re-employed in redundancy situations. The principle is that the person who has been employed the longest should have the most protection (last-in-first-out principle). Employees with fixed-term contracts have, under certain circumstances, a right to re-employment.

The law contains extensive provisions for damages in the event of an employer contravening the act.

Anti-discrimination legislation

On January 1st 2009 the new Discrimination Act entered in force. The purpose of this Act is to counteract discrimination and promote equal rights and opportunities regardless of sex, transgender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age.

Employers are forbidden to discriminate anyone who is protected by the act. Employers also have to take some active measures, for example drawing up action plans for equal pay, gender equality plans and pay reviews. Plans and pay reviews are required every three years.

A new penalty, compensation for discrimination, has been introduced for infringements of the Discrimination Act. The purpose is to create better conditions for courts to sentence higher levels of compensation for victims of discrimination.

The Equality Ombudsman, is to monitor the compliance of the act.