

Tripartite agreement on temporary wage compensation for private sector employees [translated]

The Government and the social partners have concluded a tripartite agreement on a temporary wage compensation scheme for employees who are at risk of redundancy. The agreement is a major contribution to ensuring that COVID-19 has the smallest possible impact on the work and livelihood of the Danes.

COVID-19 causes great uncertainty among Danish employees and companies. It has already had major economic consequences, including a marked decline in turnover and high levels of redundancies in a number of private sector companies.

The Government and the social partners stand united in order to respond to this exceptional situation on the labour market in the best possible way.

The parties therefore agree to introduce a temporary wage compensation scheme for companies with employees who are at risk of redundancy. With the agreement, thousands of employees who would otherwise be fired can keep their jobs and their pay until this exceptional situation on the labour market is on the mend.

The agreement covers employees working in private companies that are particularly economically affected as a consequence of COVID-19 and therefore face having to give notice of redundancies of a minimum of 30 percent of their employees or more than 50 employees.

The temporary compensation scheme will be effective from 9 March and until 9 June 2020.

The parties take on a joint responsibility for overcoming the crisis.

The Government provides wage compensation to companies for the employees whom the company expects to lay off temporarily instead of dismissing as a consequence of COVID-19.

The companies can use the new wage compensation scheme if they opt out of the existing possibilities for temporary laying off employees without pay.

The private sector companies continue to provide full pay for their employees during the compensation period, even though they may be severely economically affected by COVID-19. The employees who are at risk of redundancy cannot work but are laid off temporarily with full pay during the compensation period.

At the same time, it is a precondition for wage compensation that, for the duration of the wage compensation period, the company refrains from dismissing employee for economic reasons.

The individual worker for whom the company seeks wage compensation must take holiday or time off in lieu amounting to a total of five days in connection with the compensation period. If the employee has no holidays, time off in lieu etc. of a duration of five days, he or she must take leave without pay or holidays from the next holiday year. The companies cannot receive wage compensation for these days.

The state wage compensation for employees who are at risk of redundancy will constitute 3/4 of the wage bill for the monthly salaries of the employees covered by the scheme, however not exceeding DKK 23,000 per month for a full-time employee covered by the scheme. For non-salaried employees, the state wage compensation may amount to 90 percent, however not exceeding DKK 26,000 a month per full-time employee covered by the scheme. The companies can only be comprised by the scheme for a maximum of three months.

Wage compensation will be paid on the basis of the information that the companies have stated regarding the number of employees who would otherwise have been dismissed due to the COVID-19 situation. In the application, and for the subsequent auditing, the employees must be registered with their civil registration number. The companies must, furthermore, indicate which periods they expect to have a shortage of work and why, however not exceeding a period of three months starting from 9 March 2020 at the earliest, and ending on 9 June 2020 at the latest.

The companies must subsequently, with the assistance of an auditor, document that they have temporarily laid off the affected employees during the period in question. The employees in question must have been hired before 9 March 2020. The documentation must, among other things, include certificates attesting that the employees in question have been informed of the temporary layoff by the trade union representative at the workplace. If there are no such representatives, the relevant trade union organisations can protest.

The scheme is assessed to constitute State aid in accordance with the EU's rules on State aid and will therefore be notified to and approved by the European Commission. The companies will not be able to recover the same costs from multiple aid schemes introduced as a consequence of COVID-19, for example compensation for organizers of events with more than 1,000 participants.

The scheme is administrated by the Danish Business Authority.

The parties agree to apply the scheme to the greatest possible extent and thereby retain employees in their jobs.

During the coming week, the Government will seek the support of the Danish Parliament for the temporary wage compensation scheme for employees who are at risk of redundancy.

Furthermore, the parties will be favourably disposed towards companies entering into voluntary agreements to lend employees to other employers and vice versa in order to retain employees. The details hereon are to be agreed at the local level.

Copenhagen, 14 March 2020

For the Government: Nicolai Wammen [signed]

For FH: Lizette Risgaard [signed]

For DA: Jacob Holbraad [signed]