

Tripartite agreement on temporary salary compensation for private-sector employees

The Government and the social partners have concluded a tripartite agreement on a temporary salary compensation for private-sector employees at risk of losing their jobs. The agreement is a huge contribution to our joint efforts to keep the adverse impact of COVID-19 on Danish jobs and livelihood as low as possible.

COVID-19 has caused and is causing great uncertainty among Danish employees and businesses. Already, the economic consequences have been substantial. Sales have declined markedly and a number of private-sector enterprises have had to effect redundancies.

The Government and the social partners stand together, determined to get through these extraordinary times as unscathed as possible.

The parties have therefore agreed that businesses will have access to a temporary salary compensation scheme for employees at risk of losing their jobs. The agreement will allow thousands of employees who would otherwise have lost their jobs to keep their jobs and their pay until the current extraordinary circumstances on the labour market begin to improve.

The agreement comprises employees in all private-sector enterprises which have been hit exceptionally hard financially by the COVID-19 outbreak and as a result find themselves forced to give notice of termination to at least 30 per cent of their staff or to more than 50 employees.

The temporary compensation scheme will be in effect from 9 March to 9 June 2020.

The parties accept a shared responsibility for weathering the storm.

The Government will offer salary compensation to the enterprises for the number of employees they expect to be sending home rather than dismissing as a result of COVID-19.

The new salary compensation scheme will be open to businesses if they refrain from using their existing options to send home employees without pay.

The private businesses will keep paying full salary to employees in the compensation period even if their finances are severely strained by COVID-19. The employees at risk of losing their jobs must not work, but will be sent home and will receive full pay during the compensation period. Also, it is a condition for compensation that the business does not dismiss any employees during the compensation period for economic reasons.

The individual employee for whom the business is seeking salary compensation must take at least five days of holiday and/or time off in lieu in connection with the compensation period. If the employee does not have five days of holiday or time

off in lieu outstanding, they must take time off without pay or use holiday from the new holiday year. The business will not receive compensation for those five days.

The salary compensation for employees at risk of losing their jobs will equal three-quarters of total payroll costs for the relevant employees' monthly salary, subject to a maximum of DKK 23,000 per month per comprised full-time employee. For employees paid by the hour, the compensation may be 90 per cent, subject to a maximum of DKK 26,000 per month per comprised full-time employee. Businesses can be comprised by the scheme for a maximum of three months.

The salary compensation will be paid on the basis of the enterprises' information about the number of employees that would otherwise have had to be dismissed as a result of COVID-19. The employees must be recorded by civil registration number in the application and the subsequent revision. The enterprise must also state and give reasons for the expected duration of the period in which they will have work shortage, subject to a maximum period of three months commencing no earlier than 9 March 2020 and ending no later than 9 June 2020.

The enterprise must subsequently provide audited documentation to show that the affected employees were indeed sent home for the stated period. The employee must be employed for 9 March 2020. The documentation must include, among other things, certification from the union representative (if any) at the company that the relevant employees were sent home. If there is no such representative, the relevant unions may file an objection.

The scheme is considered to qualify as state aid under EU State-aid rules and therefore must be notified to and approved by the European Commission. Businesses will not be able to receive coverage for the same costs from multiple COVID-19 aid schemes, e.g. compensation for arrangers of events with 1,000+ participants.

The scheme will be overseen by the Danish Business Authority.

The parties agree to use this scheme to the widest extent possible and thereby preserve jobs.

In the coming week, the Government will seek the approval of Parliament for the temporary salary compensation scheme for employees at risk of losing their jobs.

Further, the parties will be favourably inclined towards businesses entering into voluntary agreements for loaning employees to one another in an attempt to preserve employments. The details of such agreement will be agreed locally.

Copenhagen, 14 March 2020