Estonia: Developments in working life 2016

Developments in working life in Europe: EurWORK annual review 2016

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.
Contents

Political context affecting working life aspects.................................................................1
Developments in social dialogue and collective bargaining 2016.........................................5
Policies and actions to address pay-inequalities..................................................................10
Promoting the reconciliation of working families and caregivers......................................13

Author: Ingel Kadarik and Märt Masso (Praxis Centre for Policy Studies)

Eurofound reference number: WPEF17013

© European Foundation for the Improvement of Living and Working Conditions, 2017

The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a
tripartite European Union Agency, whose role is to provide knowledge in the area of social,
employment and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC)
No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe.

European Foundation for the Improvement of Living and Working Conditions

Telephone: (+353 1) 204 31 00
Email: information@eurofound.europa.eu
Web: www.eurofound.europa.eu
### Political context affecting working life aspects

No information.

### The government(s) in office during 2016

<table>
<thead>
<tr>
<th>Government 1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In office since / to</strong></td>
<td>9 April 2015 – 23 November 2016</td>
</tr>
<tr>
<td><strong>Name of the head of government (prime minister / chancellor / …)</strong></td>
<td>Taavi Rõivas (prime minister)</td>
</tr>
</tbody>
</table>
| **Name all the parties that are forming this government** | Estonian Reform Party (*Eesti Reformierakond*)  
Social Democratic Party (*Sotsiaaldemokraatlik Erakond*)  
Pro Patria and Res Publica Union (*Isamaa ja Res Publica Liit*) |
| **List the changes in the composition of the government in 2016** | Ministry of Foreign Affairs  
Marina Kaljurand (16.01.2015-12.09.2016, Independent)  
Jürgen Ligi (12.09.2016 -23.11.2016, Reform)  
Ministry of Education and Research  
Jürgen Ligi (9.04.2015-12.09.2016, Reform)  
Maris Lauri (12.04.2016-23.11.2016, Reform) |
| **Additional comments** | The Reform Party was the lead coalition partner since 2005 and overall has been in all coalitions for the past 17 years. They are not in coalition in the next Government, which took office on 23 November 2016. |

<table>
<thead>
<tr>
<th>Government 2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In office since / to</strong></td>
<td>23 November 2016 -</td>
</tr>
<tr>
<td><strong>Name of the head of government (prime minister / chancellor / …)</strong></td>
<td>Jüri Ratas (prime minister)</td>
</tr>
</tbody>
</table>
| **Name all the parties that are forming this government** | Centre Party (*Keskerakond*)  
Social Democratic Party (*Sotsiaaldemokraatlik Erakond*)  
Pro Patria and Res Publica Union (*Isamaa ja Res Publica Liit*) |
| **List any changes in the composition of the government in 2016** | Ministry of Finance  
Minister of Public Administration  
Arto Aas (9.04.2015-23.11.2016, Reform)  
Mihhail Korb (23.11.2016 - , Centre)  
Ministry of Foreign Affairs  
Jürgen Ligi (12.09.2016 -23.11.2016, Reform)  
Sven Mikser (23.11.2016 - , Social Democratic)  
Ministry of Economic Affairs and Communications - |
| Ministry of Economic Affairs and Infrastructure | Minister of Economic Affairs and Infrastructure Kristen Michal (9.04.2015-23.11.2016, Reform)  
Kadri Simson (23.11.2016 - , Centre) |  
| --- | --- |
| Minister of Entrepreneurship | Minister of Entrepreneurship Liisa Oviir (14.09.2015-23.11.2016, Social Democratic)  
Urve Palo (23.11.2016 - , Social Democratic) |  
Margus Tsahkna (23.11.2016 - , Pro Patria and Res Publica Union) |  
Andres Anvelt (23.11.2016 - , Social Democratic) |  
Mailis Reps (23.11.2016 - , Centre) |  
Kaia Iva (23.11.2016 - , Pro Patria and Res Publica) |  
| Minister of Social Protection | Minister of Social Protection |  
| Ministry of Rural Affairs | Ministry of Rural Affairs Urmas Kruuse (9.04.2015-23.11.2016, Reform)  
Martin Repinski (23.11.2016-9.12.2016, Centre)  
Tarmo Tamm (12.12.2016 - , Centre) |  

**Additional comments**

The lead coalition partner is the Centre Party, which is the second most popular party in Estonia after Reform Party (in parliamentary elections), but had stayed in opposition for 10 years.
Estonia: Developments in working life 2016

Elections and referenda

<table>
<thead>
<tr>
<th>Election 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>When did the elections take place?</td>
</tr>
<tr>
<td>What kind of election it was? (parliamentary / presidential / referendum / local / ...)</td>
</tr>
<tr>
<td>Outcomes of the election (mention also % of the votes achieved by the major participants in the election)</td>
</tr>
<tr>
<td>Additional comments</td>
</tr>
</tbody>
</table>

Forthcoming significant elections or political events in 2017
Local Government Council Elections will be held in October 2017. These are general elections held after every four years, all Estonian and EU citizens living permanently in Estonia can vote. In January 2016, the Parliament approved changes to legislation so that persons aged 16 or older are allowed to vote in local government council elections (previously, voters had to be 18 or older). The most popular Party in the local government elections has always been the Centre Party (securing 32% of votes in the last two elections).

Reactions from the social partners on new government’s working life policies
Estonian Trade Union Confederation (EAKL) was pleased with the new Government; in their opinion it’s the best coalition they could think of and all the actions and the plans of the government are in the right direction (source). Overall they also approved the coalition agreement and found some very important points in the agreement, e.g. increasing general basic income tax exemption; developing a system for occupational diseases and occupational accidents insurance; supporting the promotion of employees’ health; creating more flexible parental leave and parental benefit system; tackling the gender wage gap. However, they would have liked the coalition agreement to acknowledge tripartite social dialogue, as the coalition had stated that they would be open to the dialogue. A big challenge for the government is the pension system reform and this is especially where EAKL strongly emphasizes the need for tripartite discussions. (source).
There is not much information about the Estonian Employers Confederation’s (ETKL) overall opinion about the new government, however, they have strongly disapproved the government’s decision to withdraw previously approved decrease in the social tax rate from 33% to 32.5% in 2017 and 32% in 2018. (source). During the coalition negotiations, they gave their suggestions to the coalition bringing out that our social system is too strongly tied to labour taxes. They suggested lowering the amount of social tax minimum obligation and establishing the social tax ceiling. Due to the demographic issues of Estonia (aging and decreasing population), they would also like to see the government to continue supporting employees’ health promotion and most importantly – to keep on finding ways to attract foreign workforce into Estonia. (source). ETKL and other employers’ associations also strongly disapproved the approach of the new government to quickly form some of their ideas into legislation. The approach was to add the ideas as motions to amendments of a draft legislation that was already being discussed in the parliament instead of developing new draft legislation. These included important and large-scale changes to the current tax system, including for example abolishing the previously agreed reduction of social tax rate and reforming the basic income tax exemption principles. The employers’ organisations condemned this approach, stating that firstly, the good engagement practices were violated (as there was not enough time to assess the proposed measures) and secondly, recalling the principle approved by the parliament in 2015 that there must be at least six months between the passing and entry into force of an amendment regarding tax changes in order to provide companies enough time for adjusting to the tax changes was also violated. (source)
Developments in social dialogue and collective bargaining 2016

Major developments in national/peak-level social dialogue 2016

Changes affecting the social dialogue actors and institutions in 2016

Representativeness
There were not any changes in 2016 in the way in which representatives of social partners is regulated or assessed.

Major developments affecting the main actors
There were not any major developments affecting the main actors in 2016.

Legislative or institutional changes to the main social dialogue institutions
There were also not any legislative or institutional changes to the main social dialogue institutions in 2016.

Changes in the social dialogue processes
There were not any changes in practice of national level social dialogue process.

Main social dialogue topics and outcomes in 2016

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description of issue</th>
<th>Main result</th>
</tr>
</thead>
<tbody>
<tr>
<td>General labour market topics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job creation, reduction of unemployment</td>
<td>The Estonian Trade Union Confederation (EAKL) proposed a strategy for the government to react to the several redundancies in the North-Eastern county of Estonia (Ida-Virumaa) resulting in the loss of 1,200 jobs in 2015-2016. As the unemployment rate has been the highest in this area even without the latest job losses, EAKL stated that the labour market situation in the area must be the Government’s priority. There were direct contacts between EAKL and the government, but EAKL also raised the issue during public events. There were also other institutional context (e.g. formal consultation process allowing social partners to give their opinions on draft legislation).</td>
<td>Temporary active labour market measures developed for the unemployed of Ida-Virumaa.</td>
</tr>
<tr>
<td>Active labour market policies</td>
<td>EAKL as well as Estonian Employers Confederation (ETKL) have emphasized for a long time the importance of life-long learning and (re)training in order to improve people’s skills, increase their employability and prevent unemployment. Both have provided their proposals in various forms – public statements, in their manifestos, during official engagement to legislation drafting processes and in other meetings with the government.</td>
<td>Legislation passed so that employed persons are eligible to some ALMP measures related to training provided by the Unemployment Insurance Fund.</td>
</tr>
<tr>
<td>Benefits (unemployment, sickness schemes)</td>
<td>EAKL proposed to restore the compensation for the first days of sickness leave (already in 2015, debate continued in 2016). EAKL strongly promoted the idea publicly and collected signatures from people and employers, the signed draft was then handed to the Parliament and then discussed in parliament, government and among interest groups.</td>
<td>Legislation passed in 2016.</td>
</tr>
<tr>
<td>Taxation and non-wage related labour costs</td>
<td>ETKL stresses the need to abolish fringe tax from employer’s costs incurred for employees’ health promotion and transport. EAKL strongly approves the ETKL proposals. They have proposed it publicly, no information about whether the issue is discussed directly with the Government, however it can be presumed it has been among other topics.</td>
<td>Health expenses – Legislation passed in 2016 regarding health promotion costs, but debate continues.</td>
</tr>
<tr>
<td>Pension reforms</td>
<td>The Government proposed to reform the current pension system. EAKL has suggested several times that tripartite social dialogue is necessary for the reform, both in publicly and in direct communication with the government, and also organised meetings with the government.</td>
<td>Debate to be continued</td>
</tr>
</tbody>
</table>
### Labour market participation of different groups

| Changes to the Employment Contract Act are under discussions to promote labour market participation of minors. Social partners discussed their opinions publicly, but proposals were also sent to the Government (although in the context of formal consultation process). | Legislation in progress. |

### Working life related themes

#### Wage setting systems, including the setting of minimum wages

ETKL has proposed to make void the obligation to pay 1.24 times the Estonian average wage to foreigners working short-term in Estonia. They have proposed the idea through several channels (publicly, directly, in relation to other issues).

Legislation passed in 2016, but debate continues.

#### Working time regulations

The Ministry of Social Affairs started consultation with social partners on the alleged claim that the labour contract act does not meet the changed needs of the labour market and business environment, asking especially suggestions to the regulation of working time.

Status quo left untouched

#### Terms and conditions of employment, including different forms of contracts

1) EAKL made proposals to change the employment law in order to increase legal certainty and simplify the implementation of the law (these were sent also directly to the government). ETKL disapproved the proposals.

2) There were opposing opinions regarding posted workers and the revision of the EC Enforcement Directive. EAKL supported the changes, while ETKL and the Parliament did not. Both expressed their opinions directly, publicly and also participated in the formal consultation process.

1) Status quo left untouched

2) Legislation passed in 2016
### Health, safety and well-being at work

| Discussions on taxation of employer’s costs of health promotion as mentioned above under “Taxation and non-wage related labour costs”. | Legislation passed in 2016, debate continues |

### Work-life balance related themes, incl. family leaves

| Changing the parental leave and parental benefit system more flexible is under discussions, both the EAKL and ETKL agree that the system needs changes. They have not directly pointed out the issue to the Government, rather they have participated in the formal consultation process. | Consultation ongoing |

### Skills, training and employability

| Both the EAKL and ETKL have continuously promoted life-long learning, skills development and (re)training. See also above “Active labour market policies”. | Legislation passed, debate ongoing. |

### Any other relevant themes/topics addressed in the national level/peak level social dialogue

| ETKL expressed publicly their opinion on the European Pillar of Social Rights, pointing out the need to avoid additional rules and regulations and to evaluate its impact to economy, employment and the competitiveness of the EU. | Ongoing |

---

### Examples of selected significant social dialogue debates

#### Life-long learning as a measure to prevent unemployment

In the context of aging and decreasing population the issue of the declining workforce has been the debate topic. Both the EAKL and ETKL have emphasized the need to improve the skills of the workforce in order to stay competitive in the labour market and offer the qualifications needed in the changing labour market (e.g. the growing importance of ICT field). ETKL points out the need for additional qualified workforce, focusing on the need to attract foreign workforce due to the lack of skilled workforce in Estonia. However, similarly to EAKL they promote life-long learning in order to increase the employability of Estonian workforce. EAKL constantly emphasise the importance of life-long learning and retraining and improving the qualifications in order to keep up with the changing economy and society but also to decrease the poverty and prevent unemployment. In the beginning of 2016, they stated that ‘learning labour market is the key to the Estonian economic development’ ([source](#)). One of the most important achievements for the EAKL was the fact that their proposals regarding measures to prevent unemployment and inactivity by providing opportunities for additional training and life-long learning for unemployed as well as employed were included to the Employment Programme for 2017-2020 (the employment programme provides for additional services and benefits in addition to the Labour Market Services and Benefits Act based on the current situation in the labour market) which was approved in November 2016 and enters into force in May 2017. However, those measures are currently meant for those in risk groups (e.g. those with no qualifications, those with outdated qualifications, those with interrupted school life, those with low qualifications etc.).
Estonia: Developments in working life 2016

qualifications etc) and are financed through ESF. Thus EAKL continues to promote the idea that (re)training and life-long learning measures should be available for all people all the time.

**Employees’ health promotion**

Important debates have also revolved around the employees’ health and the employers’ costs. Similarly to the previous topic, the issue of employees’ health promotion is related to the aging and decreasing population, so the social partners agree that keeping and improving the employees’ health is utterly important.

In this regard, firstly, ETKL has proposed and promoted the idea that the costs incurred by employers for their employees’ health promotion should not be subject to fringe tax, in order to motivate employers to contribute to the health of their employees. In January 2016, ETKL sent again a proposal to the Ministry of Finance, which was also strongly approved by EAKL. The Government decided to go ahead with the idea and in December 2016 the respective amendments to legislation were approved by the Parliament. So, as of 2018 employers will have the possibility to compensate the costs incurred for the promotion of employees’ health fringe-tax free in the amount of €100 per quarter. The costs must be related to sporting activities, therapy or payments of voluntary health insurance. However, the ETKL continues the debate, as their agenda has been that all expenses related to employees’ health should be fringe tax free.

Secondly, in 2015 EAKL proposed that the compensation for the first days of sickness leave should be restored (as it was before 2009), as people are not keen to stay at home and cure their illness if they lose a noticeable amount of their wage due to it. Currently, employers are obliged to pay sickness benefit to their employees from 4th to 8th day of sickness leave. EAKL suggested that the first days should be compensated by the employers in the amount of 60% of the employees’ wage. EAKL looked for the approval of the parliament as well society, and they initiated a campaign to collect support signatures for this purpose. In December 2016 the respective amendments to legislation were approved by the Parliament, so that as of 2017 employers are entitled to social tax exemption for sickness benefit paid to the employees for the second and third day. It was not exactly what the EAKL applied for, but it is a step forward.

**Sectoral and company level social dialogue 2016**

There were not any important changes in the legislation, the institutions or the practice affecting social dialogue and collective bargaining at sector-level and company-level.

**Main developments - other than wages and working time - from important collective agreements or bargaining rounds**

There is not much information available about the content of the collective agreements, as most of the agreements are concluded at company level. According to the available information, there are not any developments from collective agreements or bargaining rounds to report.

**Examples of innovative collective agreements (at any level) made during 2016**

There is not much information available about the content of the collective agreements, as most of the agreements are concluded at company level. According to the available information, no innovative collective agreements were concluded in 2016.
Policies and actions to address pay-inequalities

The recent public debate on pay gaps at the workplace

The main issues recently debated regarding pay-inequalities involve gender pay gap and the wages of foreign workforce. However, issues of overall pay inequalities and undeclared wages are also important debate topics in Estonia.

The gender pay gap is the highest in Estonia (28.1% in 2014 according to Eurostat) among the EU Member States (EU-28 average was 16.7% in 2014) and thus has been in the focus of debates for more than ten years. Several initiatives and measures have been proposed and also implemented. Regarding the latest developments, in 2016 the national Welfare Development Plan 2016-2023 (Heaolu arengukava) was approved, which includes measures to narrow the pay gap (e.g. increase the transparency of wages; analyse the pay gap; collect gender based pay data; develop guidelines etc). One of the measures in the development plan, which was firstly introduced in 2015, but discussed also in 2016, is the plan to give the Labour Inspectorate the authorisation to conduct supervision over gender pay gap in enterprises. However, the Government is just at the beginning of developing draft legislation.

Regarding the wages of foreigners, the Aliens Act stipulated that an employer was obliged to pay an alien whose short-term employment in Estonia had been registered a remuneration in the amount equal to at least the annual average gross monthly salary and wages of the main area of activity of the employer, but not less than the annual average salary in Estonia multiplied by a coefficient of 1.24. The employers’ organisation ETKL proposed that this regulation should be made void as there is labour (and skills) scarcity in the market that requires inflow of labour outside the EU countries, but the wage obligation is too encouraging and burdening for them (especially in sectors where the average wage is lower than the national average wage). In December 2016, the changes to respective legislation were approved so that the minimum amount which must be paid to the foreigner equals to the national average salary, while seasonal workers and employees of start-ups were excluded from the pay obligation. However, the debate continues, as ETKL suggests that the average salary obligation should be made void for all groups of workers. EAKL has disagreed with the proposal as they see the risk of inflow of low-paid workers, which could result in Estonian workers losing their jobs.

In addition, an important issue in Estonia is also the overall income inequalities, which is quite pervasive theme in public debate that has summarised both the unequal income from labour market and economy as well as importance of tax-benefit policy in redistribution of wealth for equal opportunities. The inequality of income distribution is one of the highest in Estonia among EU Member States. This is also one of the key points in the current debate regarding the pension system reform, which also aims at reducing increasing inequality of the state pensions (1 pillar pensions), which is a result of income inequalities, because it is tied to the pensioner’s previous earnings.

Undeclared wages could also be considered as a form of pay inequalities, as basically people are paid differently depending on whether they are willing to give up social protection or not. This issue was mainly debated in 2014 and 2015. According to the Estonian Institute of Economic Research (Konjuktuurinstituut), the share of undeclared employment has been somewhere between 8% and 16% since 2002, meaning that the state has been losing over €100 million of tax revenue annually. The sectors most affected are construction, accommodation and food services.
Positions regarding the posted workers directive

Positions of trade unions
EAKL has stated that the salary paid to posted workers should equal to the pay level in the country they are posted to, hence they supported the EC’s proposal to revise the rules, as it should prevent discriminating posted workers against the locals, assures the member state’s right to establish its own rules for working in the country and equalises rules for competitiveness, overall prevent social dumping (source).

Positions of employers organisations
ETKL on the other hand has been arguing against the proposal as in their opinion it hampers free movement of services and workers and increases administrative burden. They expressed their concerns that if the EC went through with its proposal then Estonian workers would lose their competitive advantage in other countries which would result in job losses. (source)

Position of the government
The Estonian Government supported the proposal (source), however the Parliament decided not to support it. The European Union Affairs Committee of the Parliament (ELAK) shared the same concern as ETKL and moreover, criticised EC for not thoroughly discussing the issue with the Member States (source).

Pay gaps at the workplace

Evidence
Halapuu, V. (2015). Infotöötlusoskuste roll soolise ja keelelise palgalõhe selgitamisel Eestis: PIAAC uuringu temaartiline aruanne nr 4 (The role of information processing skills in determining the gender and linguistics wage gap in Estonia). Tartu: Haridus- ja Teadusministeerium. (Available at: report in Estonian and summary in English)

The study analyses whether and to what extent the information processing skills measured by PIAAC can shed light on hitherto unexplained components of the gender and linguistic wage gap, focusing on the role of numeracy, literacy and problem-solving in a technology-rich environment, the usage of information processing skills (literacy, numeracy, and ICT skills, and solving complicated problems) and other skills (e.g. persuasion and planning skills), as well as the level of Estonian and English proficiency. Regression analysis, quantile regression and Oaxaca-Blinder decompositions are used. As a result of Oaxaca-Blinder decomposition, it was possible to explain 30.2% of the unadjusted gender wage gap. The unadjusted wage gap based on home language (Estonian vs Russian) fell within a range of 13.2-19.8% based on regression analysis performed on PIAAC data. The study also showed that in addition to Estonian, English proficiency is at least as important (if not more) when it comes to wages.


The study analysed the effect of the statutory minimum wage on the wage distribution in Estonia using the Estonian Labour Force Survey data of 2001-2014. The analysis revealed substantial spill-over effects from the minimum wage to the lower percentiles of the wage distribution, although it declines noticeably as the wage approaches the median wage. The effects at given percentiles are larger for women than for men and for people aged over 45 than for younger. Thus the study showed that overall the statutory minimum wage has contributed to the decrease in inequality of wages.

There are currently no institutions in Estonia that monitor pay inequalities at the workplace. However, it is planned to give the Labour Inspectorate the role in the future regarding the gender pay gap.
According to the Statistics Estonia the gender pay gap was 22.2% in 2015, it was the highest in the financial and insurance activities sector (33.6%) and the lowest in the transportation and storage sector (1.5%). (source) According to a study ‘Increased availability of gender pay gap statistics. Analysis of gender pay gap’ by the Centre for Applied Social Sciences (2014, available in Estonian), in 2012 the gender pay gap was higher among the youngest and the oldest age group, among non-Estonians, among those with lower education; in occupations that require lower qualifications and among those with oral employment contracts.

According to the Estonian Institute for Economic Research, the share of those receiving undeclared wages has been rather unstable over the years (e.g. 13% in 2010, 8% in 2011, 12% in 2012, 11% in 2013, 7% in 2014, 11% in 2015) (source).

Policies to address pay inequalities at the workplace

As described above in ‘The recent public debate on pay gaps at the workplace’, firstly the national Welfare Development Plan was approved in 2016, which gives an overview of the main challenges, objectives and activities of labour policies, social security policies, and policies of gender equality and equal treatment in Estonia for 2016-2023 and serves as a unified strategic basis for these policies, simultaneously taking into account the needs of people, society and economy, and the challenges arising from demographic and socioeconomic trends, international obligations and possibilities of the state. One of the objectives of the Plan is to reduce social inequality. There are several measures foreseen to tackle the gender pay gap, one of the measures is to give the Labour Inspectorate the authority to monitor the remuneration and benefits paid by employers to men and women for equal work (no further steps have been taken yet). Regarding gender pay gap, there is also lack of statistics, thus the Statistics Estonia should develop principals for the collection and publication of reliable and up-to-date data on the gender pay gap. For this purpose, Statistics Estonia carried out a project “Increased availability of gender pay gap statistics” (2013-2016, materials available in Estonian), as a result a strategy for gender pay gap statistics was developed, which includes specific activities improving the availability of data and is based on studies conducted during the project. The next step would be, according to the Action Plan of the Welfare Development Plan, to implement required developments in the registries for collecting and publishing the data. Secondly, as also described above, the minimum pay obligation regarding foreigners was amended.

Regarding the undeclared wages, in 2014 an employment register was created, where all workers, paid or voluntary, must be registered before their employment starts (read more here).

Social partner’s involvement in addressing pay inequalities at the workplace

Regarding overall pay inequalities, measures to improve the situation of low-wage earners have been introduced. Firstly, one of the measures is the statutory minimum wage, which is negotiated between the national level social partners (see for example here and here).

Secondly, in 2015 the parliament approved an annual income tax refund to low-wage earners. The goal of the scheme was to fight in-work poverty. The amount of the income tax refund will depend on the amount earned, the number of months worked and the structure of the income. The refund will be highest at a gross salary of €480; after that, it will begin to decrease and will reach zero at a gross salary of €649. The maximum benefit cannot be larger than the actual income tax paid in the previous year. The benefit is a lump sum and paid once a year, first payment will be made in 2017. However, in December 2016 another measure was approved by the Parliament, initiated by the new Government, which will replace the income tax refund. The new measure is income tax reform, according to which as of 2018 the general basic income tax exemption will be €500 per month (it is €180 in 2017 and was supposed to increase to €205 by 2019). From gross wage of €1,200 the basic exemption starts to decrease and from €2,100 it equals to €0. This increases the income of low-wage earners by €62 per month. Social partner’s involvement in addressing pay inequalities at the workplace
Regarding the gender pay gap, social partners acknowledge the problem and support the overall objective of narrowing the gender pay gap. EAKL stands for a balanced society where the principle of social justice is followed. They have advocated the need to narrow the pay gap and they have been and are participating in projects related to the issue. For example a project which aimed at finding new solutions to tackle the pay gap and they are also involved in the initiative called ‘coalition against the pay gap’ (palgalõhe vastane koalitsioon), however there is no further information about the latter. There are no specific measures to bring out from the employers side. Although ETKL also acknowledges the issue, they, for example, do not necessarily support the idea regarding the Labour Inspectorate, because it might increase unnecessary bureaucracy. In their opinion it is more important to deal with preventive measures, including providing enough child care places for young children and developing more flexible parental leave system. (source)

Regarding pay level of foreigners, the ETKL has strongly promoted the issue and influenced the policies via social dialogue fora. However, while ETKL has promoted the idea of lowering the obligatory pay level of foreign workforce from 1.24 times the national average wage to sectoral average wage, EAKL has expressed their disagreement with it, because it would encourage inflow of low-wage earners, which could result in Estonian workers losing jobs, and would not motivate employers to instead improve the situation of Estonian workers (e.g. increasing their wages). Overall the social partners acknowledge the issues of pay inequalities and through social dialogue they tackle the issues.

**Promoting the reconciliation of working families and caregivers**

**Recent policies**

In August 2016 the Ministry of Social Affairs announced that they will soon present amendments to the system of parental leave and parental benefits to the government. The plan is to increase the flexibility of the system in order to promote and increase the participation of fathers in the child care, encourage women to stay in the labour market and to better reconcile work and family life and allow working and receiving (partial) parental benefit at the same time. However, no further information is currently available.

The shortage of childcare facilities has been one of the issues of public interest since 2005, and there have been several attempts to improve the situation. Recently, two main measures have been introduced. Firstly, as of 1 January 2015, municipalities are allowed to provide day-care services for parents of children under the age of three instead of a place in kindergartens. This lowers the requirements and the cost of the service for municipalities since the day-care service is a cheaper service providing only child care (as opposed to kindergarten which also provides education), however, it certainly helps parents by increasing the number of childcare places provided by municipalities. A significant principle from the point of view of family and work reconciliation, which was also introduced, is that siblings should be able to attend the same kindergarten. Secondly, another measure to tackle the shortage of childcare places was adopted in May 2015. This allows the municipalities to apply for support from the European Social Fund grant to establish additional childcare places for children up to 7 years of age (the compulsory school age). The support can also be used for childcare in the evening, at night and over the weekends, and for children with special needs. With the €6.5 million allocated for the measure 1,200 new childcare places will be created in coming years (568 new places were created in 2015).

To motivate employers, the Ministry of Social Affairs, in cooperation with stakeholders have been developing [Family Friendly Employer](#) label since the beginning of 2016. Applying for the label and presenting the label could help employers to indicate that they care about their employees and their non-work commitments and have implemented personnel practices that help in finding balance in work and life. During the application process of the label, the
employer have the possibility to use the help of a consultant, participate in different trainings, seminars and workgroups, evaluate its improvement and results and compare those with other employers.

Regarding care burden, the Welfare Development Plan 2016-2023 stresses that finding solutions to caring burden of family members, increasing their participation in the labour market, and provision of social guarantees to them should be one of the priorities in the next few years. In 2014-2020 European Social Funds will be extensively used to develop services for disabled people and their family members to support their participation in the labour market. As a part of that from November 2015 until 2020 about €37 million (of which €32 million from ESF) will be used to finance support person services for informal carers, childcare services and transportation services of children with severe and profound disabilities. To analyse options how to reduce the care burden of dependant relatives, the Government Office of Estonia in cooperation with the Ministry of Social Affairs, established a working group in 2015 consisting of representatives of great range of stakeholders. The purpose of the working group is to map all the challenges and also find possible solutions how to relieve the situation of persons with burden of caring to facilitate and support their participation in the labour market. Social services and health care services as one aspect among others will be taken under the consideration, especially in terms of accessibility, quality and the range of services available. The due date for results and conclusions of the working group is November 2017.

Rights to request special working time arrangements, place of work etc.
No recent policies/amendments to legislation have been introduced regarding the rights to request special working time arrangements.

The role of collective agreements
There is no information available about the specific clauses in collective agreements regarding work-life balance of working families or caregivers. According to the analysis ‘Collective agreements in Estonia’ by the Ministry of Social Affairs (2013, available in Estonian) 66% of collective agreements registered in the database of collective agreements included agreements regarding paid leaves or vacations in addition to those provided by law, however it is not specified whether the leaves are for caring for children for example. Similarly, around half of the agreements included clauses for arranging working time, but the target groups are not specified.
The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social, employment and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75, to contribute to the planning and design of better living and working conditions in Europe.

Disclaimer: This working paper has not been subject to the full Eurofound evaluation, editorial and publication process.