Industrial relations

Latvia: Developments in working life 2017

*Developments in working life in Europe: EurWORK annual review 2017*
Contents

Political context affecting working life aspects................................................................. 1
Developments in industrial relations 2017 ........................................................................ 3
National social dialogue in 2017 – Scope and Contribution ............................................. 4
Collective labour disputes in 2017 ..................................................................................... 13
Working time 2017 .............................................................................................................. 13
Health and well-being at work 2017 .................................................................................. 14
Employment status 2017 .................................................................................................... 14
References .......................................................................................................................... 16

Author: Raita Karnite, EPC Ltd.
Eurofound reference number: WPEF18034
© European Foundation for the Improvement of Living and Working Conditions (Eurofound), 2018
Reproduction is authorised provided the source is acknowledged.
For any use or reproduction of photos or other material that is not under the Eurofound copyright, permission must be sought directly from the copyright holders.
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
Political context affecting working life aspects
The government did not change in 2017. Elections were not held. Next Parliament (Saeima) elections will be in autumn 2018.

The year was characterised by improving economic development on the basis of the financial inflow from the EU Structural funds, and intensive reform processes in the tax system and education, health care and science sectors. These reforms were encouraged by the EU Country Specific Recommendations (CSR 2016), as well as by internal processes (the first unlimited term strike of health care workers, permanent trade unions’ pressure in education sector, inveterate lack of funding in the science sector).

Implementation of the EU Structural funds also affected the working life. After a very long preparation period many programs were finally opened and economic activity revived in sectors, such as construction, industry and trade. At labour market, increasing economic activity immediately revealed lack of workforce, while better funding encouraged wage growth that exceeded economic growth. According to the data from Central Statistical Bureau of Latvia (CSP) GDP growth in I, II and II quarter of 2017, compared with the previous year was 4.2%, 4.8% and 6.2%, while the relevant average wage growth figures were 6.4%, 8.7%, and 7.5%. According to Association of Commercial Banks of Latvia (LKA), activity of commercial banks also increased, however the amount of delivered loans remained stable since 2014. This has caused serious concerns among economists about maturing of crisis situation.

Moreover it appeared that in some sectors restrictions on wages and/or prolonged working time that were introduced during the crisis were abolished, while this was not done in other sectors. Exasperated by long working day and inadequate work remuneration, health care workers went for strike (Eurofound, 2017) or emigrated. On other side, dissatisfied with the attempts to make their working day shorter, police workers quietly left police for other employment or emigration.

The State Revenue service (SRS) increased its actions as regards to the shadow economy by closer monitoring and control over sectors of the national economy more involved in the shadow economy(such as construction, car repairing, hairdressing) (Sauka, 2017). These developments encouraged a debate about the introduction of the collective bargaining and the collectively agreed minimum wage in the construction sector, but no results were achieved.

In the education sector, the optimisation of the schools’ network, meaning closing of schools, especially in rural areas, was put as an ultimate condition for increasing teachers’ salaries. Closing of schools in areas where number of pupils is very low, and, thus decrease in the total number teachers, is expected to be a financial source for increase of salaries for remaining teachers.

The structure of the state funded research was changed. The system of the state financed research programs that were the main source of funding in 2014 – 2017, was replaced by individual research grants. The relevant legislation was not prepared in due time, and in beginning of 2018 researchers were left without any funding for uncertain period.

Overall, 2017 was a year full of challenges for the Government and a high uncertainty for individuals and companies as regards to forthcoming reforms. Migration slowed down the intensity, but did not change direction. Emigration reduced, still emigration exceeded immigration and migration outcome was negative.

Social partners reactions following changes in governments
The government was not changed in 2017 and elections were not held.

Labour market reforms or major packages of working life regulations
Labour market reforms as such did not occur. The main legislation changes were:

- regarding personal income tax: taxable income of the personal income tax was reduced by compensation for employers’ paid meals at workplace (not more than EUR 480 per person) in
companies with collective agreement; employers’ paid stipends up to 280 EUR per month should not be taxed,

- minimum wage was increased (from EUR 370 to EUR 380),
- re-calculation of pensions that were calculated on basis of negative capital index; increasing of family state benefit for fourth and every next children and other benefits that are not connected with the social insurance mechanism; but also extending the period that should be worked before application for the unemployed benefit (from 9 months within the period of 12 months, from 2017 – 12 months within the period of 16 months).
- several changes in the business taxes aimed at increasing of business activity, described in section on tax reform,

Expected effect from the introduction of a law supporting new start-up companies also was not achieved.

On 27.07.2017 the Latvian Saeima adopted amendments to 14 articles of the Labour law, valid from 16.08.2017. The main changes of the amendments are described in Eurofound’ article “Latvia: Amendments to labour law promote sectoral collective bargaining”.

Changes concern:

1) representativeness of employers in the sector level bargaining - not only employers’ organisations, but also large enterprises may be a partners if they fulfil representativeness criteria) (Section 18, described in the chapter “Changes affecting the sectoral and company level social dialogue 2017”);

2) calculating of hourly salary - it is based on a number of working days in the particular month (previously - average per year) (Section 75);

3) employment status (described in the relevant chapter);

4) expansion of an employer’s right to recover expenditures connected with training – not only if an employee has left employment during a training period or a period that was agreed as a period that has to be worked with an employer after training but also in some cases when a notice of termination is issued by an employer (Article 96);

5) time period for a notice of termination – a notice of termination shall be given “without delay) not only when an employee has acted illegally and therefore has lost the trust of employer, or, the employee at work is under the influence of alcohol, narcotic or toxic substances, as it was before, but also when the employee is unable to perform the contracted work due to his or her state of health (should be certified with a doctor’s opinion) (Section 103);

6) crews of sea-going ships – these are not anymore excluded from the provisions of collective redundancy (Section 105);

7) transfer of an undertaking - under the determinate circumstances, the concept of transfer of an undertaking includes also see-going vessels;

8) some regulations regarding working time (described in the relevant chapter).

Implementation of EU Structural funds automatically reforms labour market regarding industrial, employment and income structure.
Developments in industrial relations 2017

Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017

Representativeness
The way in which representativeness of social partners is regulated or assessed at national level has not changed.

Actors
The composition of the peak level representativeness has not changed. Employees are represented by a single trade union organisation—the Free Trade Union Confederation of Latvia (LBAS), and employers are represented by a single employers’ organisation—the Latvian Employers’ Confederation (LDDK).

As described in On 27 September 2017, new member organisation joined LBAS – Trade Union of Latvian Interior Employees (LIDA). The outcome of the merger in short is described in Latest working life developments of Q3 2017 in Latvia.

Membership statistics of LBAS for 2017 is not yet known. In 2016, LBAS had 20 members. The total membership of these organisations was 92,174 members – by 2,746 less than in 2015. In 2013, 20 LBAS members’ organisations united 97,593 trade union members. The share of the trade union members in the number of working population has also decreased - it was 11.3% of employed in age 15 – 64 in 2013, 10.9% in 2015 and 10.7% in 2016 (LBAS internal database, CSP data).

In its homepage LDDK reports that its members employ 44% of Latvia’s employees. The LDDK unites and represents 112 sector leaders – companies which employ more than 50 employees; 64 sector-based and regional business associations and federations; more than 5,000 companies, among which 3,036 are micro and small enterprises.

The relevant figures in 2013 were: 109 sector leaders – companies which employ more than 50 employees; 63 sector-based and regional business associations and federations; more than 5,000 companies, among which 2,529 were micro and small enterprises. LDDK members employed 41% of Latvia’s employees.

Institutions
Legislative or institutional changes to the main social dialogue institutions at national level did not occur.

Changes in the social dialogue processes
Practice of national-level social dialogue processes did not change.
## National social dialogue in 2017 – Scope and Contribution

### Main social dialogue topics and outcomes in 2017

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description of issue</th>
<th>Code(s)-interaction</th>
<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General labour market topics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job creation, reduction of unemployment,</td>
<td>Targets of special programs of EU Structural funds and activation of sectors due to implementation of EU structural funds.</td>
<td>1, 2, 3, 8</td>
<td>Social partners participate in working groups, consultation and supervision bodies (ex. preparing of the Regulations of the Cabinet of Ministers on implementation of EU Structural fund’s programs and measures). Debate with Ministry of Economics and Ministry of Finance.</td>
<td>2, 3, 7</td>
<td>Majority of necessary legislation regarding use of EU Structural funds adopted on the basis of reached consensus between participants, including social partners; social partners could express their opinion, participate in supervision of the planning of use of EU Structural funds in general and design of the relevant programs and measures.</td>
</tr>
<tr>
<td>active labour market policies, labour</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>market participation of different groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills, training and employability</td>
<td>Targets of special programs of EU structural funds, including those operated by the Ministry of Education and Science, education content issues.</td>
<td>1, 2, 3, 8</td>
<td>Social partners participate in working groups, consultation and supervision bodies (ex. preparing of the Regulations of the Cabinet of Ministers on implementation of EU Structural fund’s programs and measures). Debate with Ministry of Economics and Ministry of Finance.</td>
<td>2, 3, 7</td>
<td>Majority of necessary legislation regarding use of EU Structural funds adopted on the basis of reached consensus between participants, including social partners; social partners could express their opinion, participate in supervising of the planning of use of EU Structural funds.</td>
</tr>
<tr>
<td>Themes</td>
<td>Description of issue</td>
<td>Code(s)-interaction</td>
<td>Type of Interaction</td>
<td>Code(s)-Outcome</td>
<td>Outcome</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Benefits (unemployment, sickness schemes, minimum income)</td>
<td>Unemployment and sickness schemes are tied to unemployment and sickness insurance, their size depend on individual’s income. The issue about too low minimum income was raised by ombudsman. Increasing of family benefits (are not connected with the social insurance system) was constantly promoted by the political party Nacionālā Apvienība.</td>
<td>1,2, 3, 8</td>
<td>Social partners did not develop meaningful discussion on social insurance system and minimum income. Trade unions supported political party Nacionālā Apvienība that constantly lobby increasing of family benefits.</td>
<td>2, 6</td>
<td>Social insurance system was not changed. Minimum income is responsibility of local governments. Family benefits were increased.</td>
</tr>
<tr>
<td>Taxation and non-wage related labour costs</td>
<td>Tax reform.</td>
<td>1, 2, 3, 8</td>
<td>Social partners participated in elaboration of the tax reform in a direct way - participated in the special working group, cooperated with the Ministry of Finance.</td>
<td>2, 6</td>
<td>Tax reform was adopted by the government, and lately the budget package was adopted in Latvian Saeima, based on the consensus of social partners.</td>
</tr>
<tr>
<td>Themes</td>
<td>Description of issue</td>
<td>Code(s)-interaction</td>
<td>Type of Interaction</td>
<td>Code(s)-Outcome</td>
<td>Outcome</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>-----------------</td>
<td>------------------------------------------------</td>
</tr>
<tr>
<td>Pension reforms</td>
<td>Service pensions are still unresolved issue. They are not abolished and are not fairly applied.</td>
<td>4</td>
<td>Independent Trade Union of Customs Workers announced warning strike for 4 hours, because the government is not able to adopt appropriate regulation regarding service pensions for workers of internal/external security system.</td>
<td>8</td>
<td>The issue was not solved.</td>
</tr>
</tbody>
</table>

**Working life related themes**

<table>
<thead>
<tr>
<th>Description of issue</th>
<th>Code(s)</th>
<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage setting systems, including the setting of minimum wages (but excluding the ‘regular’ annual debates about the determination of the level of the new minimum wage)</td>
<td>1, 2, 3, 8</td>
<td>Discussion on minimum wage traditionally is the main income item that is solved with close interaction of social partners. In 2018, minimum wage was discussed in connection with the tax reform and state budget, consensus reached within National Tripartite Cooperation Council (NTSP).</td>
<td>2, 6</td>
<td>Minimum wage increased from EUR 380 to EUR 430. Several models for wage setting for general practitioners were proposed and one adopted. The teachers’ wage increase scheme was adopted in early January 2018.</td>
</tr>
<tr>
<td>Themes</td>
<td>Description of issue</td>
<td>Code(s)-interaction</td>
<td>Type of Interaction</td>
<td>Code(s)-Outcome</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Working time regulations</td>
<td>General issues of the working time were not debated.</td>
<td>1, 2, 3, 8</td>
<td>In health care, employers’ organisation – Latvian Family Physicians’ Association (LGAA), supported by the Latvian Association of Rural Family Physicians (LLGAA), stepped into industrial action against its employer – the Ministry of Health Care. It organised a long term strike that started on 3 July 2017, and finished in</td>
<td>2, 6</td>
</tr>
</tbody>
</table>
### Themes

<table>
<thead>
<tr>
<th>Description of issue</th>
<th>Code(s)-interaction</th>
<th>Type of Interaction</th>
<th>Code(s)-Outcome</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms and conditions of employment, including different forms of contracts</td>
<td>No (major) issues debated in this area. By amendments in the Labour law the government without deeper specification has legalised the notion “to be otherwise employed”.</td>
<td>5, 8</td>
<td>Social partners have not commented this issue.</td>
<td>Amendments to the Labour law regarding the supplementary work – in parallel to the employment with employer on the basis of employment contract, the term “to be otherwise employed” is used (Section 91).</td>
</tr>
</tbody>
</table>

No major social dialogue debates were held on the following themes: Health, safety and well-being at work; Work-life balance related themes, incl. family leaves.

Note:

Codes for ‘Type of interaction’: 1 - Tripartite debate; 2 - Tripartite negotiation; 3 - Formal consultation of both social partners; 4 - Formal consultation of trade unions; 5 - Formal consultation of employers organisations; 6 - Bipartite debate; 7 - Bipartite formal negotiations; 8 - Lobbying from at least one side; 9 – Type of interaction unknown.

Codes for ‘Outcome as per 1.1. 2018’: 1 - Unilateral decision by government; 2 - Legislation passed; 3 - Legislation prepared (in legislative process, not concluded); 4 - Tripartite agreement or joint position reached; 5 - Bipartite agreement reached; 6 - Joint opinion of social partners reached; 7 - Issue not closed, ongoing exchange; 8 - Issue dropped, no concrete outcome, no further exchange; 9 – Outcome unknown, none of these types.
Selected major social dialogue debates

Tax reform

Short summary of the main issue under debate
The government initiated a tax reform in the beginning of 2017. It was conceptually approved by social partners at the NTSP meeting on 28 February 2017. In April 2017, the main concepts of the tax reform were discussed in the government. The agreed principles were elaborated in the “Guidelines for the state tax policy 2018-2021” (Valsts nodoklu politikas pamatnostādnes 2018.-2021. gadam, in Latvian) and adopted by the government on 24 May 2017 and by the Latvian Saeima 28 July 2017. Afterwards the adopted changes were incorporated in the state budget and supplementing normative regulation.

The reform is aimed at reducing inequality and improving the economic development as, according to employers, high wage taxes is one of factors hampering the economic development.

The tax reform concerns four areas: wage taxes, company income tax (stimulating loss of tax income), and reduction of the shadow economy and compensation mechanisms (compensating expected loss of income).

Regarding wage taxes, five measures are introduced: instead of flat personal income tax rate valid until 2017 (changing in years but never higher than 25% of a payroll), now the tax rate is differentiated from 20% to 31.4% depending on the annual income; minimum wage is increased to EUR 480 per month; differentiated non-taxable income for calculation of a personal income tax is increased; non-taxable income for a dependent child is increased to EUR 200; and solidarity tax is changed.

Regarding the company income tax, four measures are introduced: tax rate for re-invested profits is 0%; tax rate for distributed profits is 20% and two year transition period is established for distribution of previously accumulated profits with tax rate 10% (20% is applied starting from the third year); advance payment of company income tax is abolished. Measures for reducing of the shadow economy include new rules regarding value added tax and increasing control over the tax discipline, especially in small enterprises in sectors where the shadow economy is traditionally high.

Compensation mechanisms include: increasing of company income tax regarding assets and containment of eligible expenses; increasing of excise tax for some products, including fuel; increasing of the gambling tax; establishing of social contributions (5% rate) for royalties and individual economic activities; and reducing of income level for micro-enterprise tax payers to EUR 40 thsd. (from EUR 100 thsd.).

Brief description of the social dialogue process
Social partners participated closely in elaboration of the conception of the tax reform and particular legislation norms. The practical work was done in working group on the tax reform. Tax reform and package of supplementary normative acts were discussed in several meetings of the NTSP (on 28 February 2017, 13 April 2017, 3 May 2017, 29 June 2017).

Outcome of the social dialogue
The outcome is reformed tax system and the consensus based state budget.
Some initial proposals of the government were changed amid pressure of social partners. For instance, trade unions did not support fixed payment in the health care budget and, with assistance of employers and coalition parties, this was not introduced. The progressivity level of the personal income tax was also discussed.
During the whole process LDDK supported the reform, still rejected any proposals to increase wage taxes. Such proposals, aimed at compensation of additional financing of the health care sector appeared time to time. Nevertheless employers agreed that the state mandatory social contribution is increased in order to compensate higher financing of the health care sector (from 34.09% to 35.09% of which 24.09 is paid by employee and 11% - employer. Employers also did not support reduction of income level for micro-enterprises tax payers.

Views of the stakeholders on the social dialogue process and outcomes

The support of social partners to the tax reform differed. Time to time one or other social partner announced that they do not support the government anymore because their proposals are not respected. For instance, on 2 June 2017, LBAS informed the society that the decision of NTSP is not respected – the government has not envisaged that the health care financing achieve 4% of GDP up to 2020. Contrary to this, employers’ organisations (LDDK and the Latvian Chamber of Commerce and Industry (LTRK)) urged the government to rush, because implementation of better tax regime is vital for employers. At the same time, they also criticised proposals that was unfavourable for business.

Employers and experts warned, that the goals of the tax reform are too optimistic and might not be achieved, while cut of expenditures is inevitable and will reduce the government’s capacity to fulfil social promises that were widely expressed in order to obtain support for the tax reform. Some compensation measures will cause changes in the business structure and labour market. For instance reducing of income level for micro-enterprise tax payers (from EUR 100 thsd. per year to EUR 40 thsd per year) will exclude part of micro-enterprises from this regime.

Financing of the health care sector

Short summary of the main issue under debate

Low financing of the health care sector has been discussed for years, but only after crisis slight improvement was achieved. However, this was not enough in order to stop fast degradation of the health care sector and emigration of health care workers. The government motivated low funding with general lack of financial resources and suggested health care workers to be patient until better times will come.

In end of 2016, when medical workers understood, that they are left last in line for improvement of their working conditions after financial crisis, activity of industrial relations in the health care sector increased remarkably. In the health care sector not only unfavourable for workers wage cuts were applied in order to provide accessibility of services but also working regime was changed from normal to sophisticated “normal prolonged working time” regime.

Brief description of the social dialogue process

Social dialogue process regarding financing of the health care sector was described in details in Eurofound published article “Latvia: Doctors' strike effects increase in healthcare financing”.

Outcome of the social dialogue

The government was able to increase financing of health care sector by EUR 235 million (Ministry of Finance).

The Association were able to achieve that qualification criteria are made less drastic.

The demand of Association regarding implementation of e-health system was not satisfied.
On 29 June 2017, under threats of social partners the NTSP adopted decision that the government should urgently elaborate a law on financing of the health care sector that sets clear guaranties regarding increase of pay for health care workers and increasing financing for the sector.

On 24 August 2017, two versions of the law were discussed in NTSP. It was more or less agreed between the government and the social partners that financing of the health care sector should be based on the insurance principle and tied to the paid personal income tax.

The law was adopted in middle December 2017.

**Views of the stakeholders on the social dialogue process and outcomes**

It was unusual that employers appeared more active than trade unions in protecting employees’ rights. This could be explained so that in the health sector employers (managers of institutions) are also employed. Family doctors are at the lowest stage in the health care sector. It is also clear that they could not achieve any result without assistance of trade union.

It was also unusual, that the ministry actively debated with social partners, trying to explain its policy and to achieve consensus.

Social partners consider that received solutions are not final solutions. For instance, e-health system indeed appeared difficult for use, and fulfilling of the quality criteria is difficult for rural doctors.

**Teachers’ salaries scheme**

**Short summary of the main issue under debate**

For years the Latvian Trade Union of Education and Science Employees (LIZDA) strives to establish transparent system for determining of the amount and dynamics of teachers’ salaries. In 2016, LIZDA approved the task to adopt the teachers’ salaries increasing scheme (further – Scheme) as a priority. Elaboration of the Scheme was one of the demands in strike of education workers that was organised in 2016. Such Scheme is envisaged by part two of the Section 53 of the Law on education. It is aimed at reducing of inequality in teachers work remuneration and workload formation principles.

**Brief description of the social dialogue process**

Education sector does not have prominent employers’ organisations; therefore LIZDA interacts directly with the Ministry of Education and Sciences.

On 31.05.2016 when the Cabinet of Ministers discussed the state budget for 2017, LIZDA discovered that the Scheme was not even mentioned in the prepared normative documentation. By intensive negotiations LIZDA achieved that adoption of the Scheme was included in the Informative Report on preparing of the state budget for 2017 and a decision was adopted about establishing of a working group for elaborating the Scheme. When there was no development seen up to September 2016, LIZDA approached all highest level state management institutions with the request to respect adopted decisions and to start elaboration of the Scheme. Finally the work was started: five meetings were held in the Ministry of Education and Science (30.09.2016. – 14.03.2017), 3 versions of the normative act were prepared. The Trade union informed about the Scheme all deputy groups in Saeima. The draft was discussed in the Board of LBAS and NTSP (29.06.2017, 24.08.2017), with local governments (12.10.2017), and the Ministry of Finances (13.10.2017). Since further activities were delayed LIZDA announced activity plan in case if the Scheme is not adopted: letters and call campaign, anti-advertisement and invitation not to support Saeima parties in elections in 2018, and as a final measure, protest actions.
Outcome of the social dialogue

Only on 9 January 2018 the government approved the scheme for increasing salaries of pedagogical workers for time period from 1 September 2018 to 31 December 2022. According to the homepage of the Cabinet of Ministers, this Scheme envisages gradually increasing of the lower rates of salaries of the pedagogical workers in general education, elementary school, vocational education, interests education, as well as in higher schools and colleges.

Views of the stakeholders on the social dialogue process and outcomes

Trade union LIZDA considers the achieved result in the general issues concerning pay in education satisfactory and has focused its activities on less urgent issues, such as, for example, social guaranties of education workers in pre-pension age, and other sectors under its attention. It has proposed similar strategy of work with the Ministry of Education and Science and the Ministry of Finances that supervises all financial issues. It has facilitated discussion on the science financing in NTSP meeting.

Trade union has not interacted in issues of school reform meaning closing of less attended schools, especially in rural areas, and transferring financial duties regarding special schools to local governments that are in fact enable to fulfil such duties. It also has not commented a condition that increase of teachers’ salaries is achieved on the basis of economy from closed schools.

Unilateral government actions – without social dialogue

There were no examples or cases where government decided unilaterally (without social dialogue) or fully contrary to the positions of social partners in social or labour market issues. In compliance with Latvian legislation (Regulation of the Cabinet of ministers No. 300), the government should consult social partners on all issues that concern their interests, and opinion of social partners is to be reported in the Annotation to the drafts of any normative document and taken into account in adoption.

It is true, that not all concerns of social partners are taken into account. For instance, the government did not take into account complaints of general practitioners regarding implementation of e-health system. It was implemented as obligatory condition for getting agreement with the Ministry of Health Care on financing of health care institutions. First weeks of 2018 showed that the system is not ready for use, and serious problems appeared in functioning of the health care system.

The government has to consult social partners on important economic issues, and this rule is respected. There are cases when the government has taken unilateral decisions in particular economic issues that in the end make impact on employment and workers’ life. For instance, social partners are not consulted about the government’s decisions regarding large enterprises.

Changes affecting the sectoral and company level social dialogue 2017

According to the amendments in the Labour law (Section 18):

1) also companies or group of companies may negotiate and conclude sector level collective agreement (before – only employers’ organisations and their associations);

2) on the trade unions side the partner for sector level agreement is association of trade unions that unites the largest number of workers in the country, or trade union that is included in the association that unites the largest number of workers in the country (before – an employee trade union or an association (union) of employee trade unions);

3) a sector level agreement may be expanded to all employers in the sector only if both sides (including companies or group of companies if they are employers’ representatives) meet representativeness criteria (para 2, 4);
In compliance with the amendments, other employers or groups of employers are eligible to join existing agreement, and are included in the count for representativeness criteria (new norm). The representativeness is calculated against CSP data (before the base for calculation was not established).

The amendments also add to the previous regulation a norm (Para 3) that agreed duties as formulated in the general agreement should be fulfilled even then if an employer leaves the employers’ organisation or if an employers’ organisation leaves union of employers’ organisations.

The time for coming into effect of a sector level agreement is prolonged to “not earlier than within three month from the day of its publication in the newspaper Latvijas Vēstnesis” (before – on the day of publication).

**Innovation in collective bargaining**

It is not possible to identify new aspects that have not been addressed within collective agreements before, because collective agreements are not available for analysis.

**Collective labour disputes in 2017**

Regulation of collective disputes was not changed in 2017.

Activities of health care workers and education sector workers could be considered as the collective labour disputes of national significance. Both cases are described in detail previously in the report.

Less important dispute were activities initiated by the Independent Trade Union of Customs Workers. The trade union announced warning strike for 4 hours on 27-30 September 2017, because the government has not been able to adopt fair regulation regarding service pensions for workers of internal/external security system (Public broadcasting of Latvia, 2017a). The trade union claimed that service pensions should be maintained, and should be applied for finance and security police workers from 1 January 2018. Head of the State Revenue Service (where finance policy workers are employed) supported the trade union. The strike was adjourned for indeterminate period because of the court’s verdict that it was not announced legally correct (Public broadcasting of Latvia, 2017b).

**Working time 2017**

General provisions in the regulation of working-time were not changed during 2017. Slight changes were introduced by amendments to the Labour Law:

1. overtime work – it is now permitted to submit pay for overtime work by proportional payed rest time in other period of time (Section 136);
2. breaks at work – the norm that a break is not included as working time is now supplemented by the condition “unless otherwise provided for by an employment contract or collective agreement” (Section 145);
3. working time – if according to the employment contract an employee is prohibited to leave his/her workplace and to use break time for his/her needs, this time should be included in the worked time (Section 145);
4. annual paid supplementary leave should be used until beginning of the current leave of next year, and unused paid suplementary leave can not be compensated in money (Section 151).

Regulation of working time regime was changed in the health care sector. The sophisticated regime called as “normal prolonged working tome” is gradually being abolished.

In police and security sector the opposite proposals were discussed. The government proposed to change regime of work of the security service workers from 24 hours working day to 12
hours working day. In answer, almost 60 security service workers claimed their employer – the Saeima speaker, to abolish change. Prior to this request, 291 employees of the special security institutions approached Chair of the police service with analogue claim. Similar reaction was observed in 2015 when the Ministry of Interior Affairs proposed analogue change on the whole police sector. Despite serious arguments supporting such proposal, police workers did not accept it, and many of them left police service. In both cases the formal motivation was higher transport costs from home to work. However, the actual reason is working in several jobs, which is easier to organise with 24 hours regime (Delfi, 2017).

**Health and well-being at work 2017**

**Physical working environment**
There were no developments in 2017 regarding the regulation of physical working environment.

**Psychosocial working environment**
There were no developments in 2017 regarding the regulation of psychosocial working environment.

**Employment status 2017**

<table>
<thead>
<tr>
<th>Type of contracts</th>
<th>Changes made during 2017.</th>
</tr>
</thead>
<tbody>
<tr>
<td>‘Standard’ employment contracts</td>
<td>Important changes in the regulation of the employment status were not made, unless some particular details introduced by amendments in the Labour law:</td>
</tr>
<tr>
<td></td>
<td>1. employers are given right to terminate employment contract while an employee is suspended from work (Section 58);</td>
</tr>
<tr>
<td></td>
<td>2. restrictions on competition after termination of employment legal relationships are detailed (Article 84 and 85);</td>
</tr>
<tr>
<td></td>
<td>3. in regulation of supplementary work – in parallel to the employment with employer on the basis of employment contract, the Labour law legalises the term “to be otherwise employed” (Section 91);</td>
</tr>
<tr>
<td></td>
<td>4. obligation of an employer to prove that restriction given to his/her employee to involve in the second job is justified by with fundamental and protected interests of an employer (Section 92).</td>
</tr>
<tr>
<td>Self-employed</td>
<td>No changes in the regulation of the employment status was made unless the requirement that self-employed should individually pay social contributions in the state budget from the freely estimated part of their economic activity but not less than minimum wage (EUR 380).</td>
</tr>
<tr>
<td>Fixed term contracts</td>
<td>No changes in the regulation of the employment status regarding fixed time contracts.</td>
</tr>
<tr>
<td>Temporary agency workers</td>
<td>No changes in the regulation of the employment status regarding temporary agency workers.</td>
</tr>
<tr>
<td>Posted workers</td>
<td>No changes in the regulation of the employment status regarding posted workers.</td>
</tr>
<tr>
<td>Seasonal workers</td>
<td>No changes in the regulation of the employment status regarding seasonal workers.</td>
</tr>
<tr>
<td>Zero hour contracts</td>
<td>No changes in the regulation of the employment status regarding zero hour contracts made during 2017.</td>
</tr>
</tbody>
</table>
## References

<table>
<thead>
<tr>
<th>Source</th>
<th>URL</th>
<th>Last Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinet of Ministers, <a href="http://www.mk.gov.lv">www.mk.gov.lv</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LBAS homepage, <a href="http://www.lbas.lv/">http://www.lbas.lv/</a></td>
<td></td>
<td>Viewed on 18.01.2018</td>
</tr>
<tr>
<td>LDDK homepage <a href="http://en.lddk.lv/">http://en.lddk.lv/</a></td>
<td></td>
<td>Viewed on 13.01.2018</td>
</tr>
</tbody>
</table>

WPEF18034
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.