Industrial Relations

Estonia: Developments in working life 2018

Working life in 2018 – Annual review
Contents

Political context affecting working life aspects .................................................. 2
Labour market reforms or major packages of working life regulations ............ 2
Social partners’ views and reactions on changes in governments and working life policies ........................................................................................................ 3
Developments in industrial relations 2018 ......................................................... 3
Changes affecting the national-level actors and institutions in 2018 ............ 3
Actors .................................................................................................................. 3
Representativeness ............................................................................................. 3
Institutions .......................................................................................................... 3
Changes affecting the sectoral and company level social dialogue 2018 ........ 4
Innovation in collective bargaining ..................................................................... 4
National social dialogue in 2018 – Scope and Contribution ............................ 5
Selected major social dialogue debates ............................................................... 9
Potential changes to the labour law to provide more flexibility ......................... 9
Preventing health and safety issues at work place ............................................. 9
Unilateral government actions – without social dialogue ................................. 10
Collective labour disputes in 2018 ................................................................. 11
Changes in the regulation of collective labour disputes ................................. 11
Selected major labour disputes of national significance .................................. 11
Working time 2018 ............................................................................................. 11
Changes in the regulation of working time 2018 ............................................ 11
Legislation on working time duration or organisation .................................... 11
Collective bargaining outcomes on working time duration or organisation ...... 11
Major debates concerning working time duration or organisation .................. 12
Health and well-being at work 2018 ............................................................... 12
Physical working environment .......................................................................... 12
Psychosocial working environment ................................................................. 12
Employment status 2018 ................................................................................ 12
‘Standard’ employment contracts ................................................................. 12
References ........................................................................................................ 13
Political context affecting working life aspects

The political context was very stable in 2018 without any major changes influencing working life. As the Government changed already in 2016 and new parliamentary election will be held in March 2019, the bigger plans and changes were made in 2016. In 2018 parties introduced their first new ideas for parliamentary elections. Otherwise some major reforms that were prepared during the last years, such as parental leave and benefit reform, were approved.

Labour market reforms or major packages of working life regulations

During 2018, some changes regarding working life were made, initiated or proposed, but the most significant changes were more related to social policy.

The Occupational Health and Safety Act (RT I 1999, 60, 616) has not seen any major changes for a rather long time. In 2018, however, a set of changes were approved. These decrease bureaucracy, provide more flexibility, contribute more to the prevention of possible health damages, and acknowledge more psychosocial hazards as of 2019.

The issue of foreign workforce entering the Estonian labour market and how to handle the immigration quota more flexibly has been under more focused discussion for a rather long time. A specific working group was formed in 2017. In 2018 some of the proposals of the group were approved, mainly excluding some groups of specialists from the quota. However, the decision to not approve all of the proposed changes was strongly criticised by the Estonian Employers Confederation.

The government approved changes to the Gender Equality Act (RT I 2004, 27, 181), which allows to create a supervision mechanism over the equal pay for equal work. After long discussions and opposition from employers, it was decided that the supervision will only be mandatory for the public sector with the Labour Inspectorate being the responsible institution. The changes stem from the gender pay gap being the highest in Estonia among EU Member States. The changes are currently discussed by the Parliament.

The Ministry of Social Affairs announced their plan to change the labour law in order to offer more flexibility to employees and employers and to better comply with the changing work forms. The main changes include introducing a minimum/maximum-hours employment contract (range of working hours per time period instead of a specific number), more flexible conditions for fixed-term contract, and a new employee form – employee with an independent decision-making competence. Consultations and public debate over the innovativeness of the changes still continue.

The Ministry of Social Affairs also announced a plan to create an occupational accidents insurance system. This would create a fairer system for the compensation of the costs in case of work accident to the employees. The system would also motivate the employers to improve the working environment. The size of the insurance premiums would depend on the risk level of the working environment, i.e. the safer the environment the lower the premiums.

Two major social policy reforms have been prepared since 2015-2016 and were finally approved in 2018. The parental leave and benefit system was reformed for additional flexibility and to involve fathers more in the family life. The pension reform aims at ensuring its sustainability in the long run.
Social partners’ views and reactions on changes in governments and working life policies

The Government was not changed during 2018. The next Parliamentary elections are held in March 2019. The main topics regarding the elections include tax reforms, immigration, and new, flexible work forms. The Estonian Employers Confederation published their manifesto for the next four years in 2018, which is also dedicated to the upcoming elections. Their main interest topics include, among other things, more flexible work forms, healthy work environments and employees, attracting foreign workforce, reforming social tax system (establishing ceiling and abolishing floor) (Eesti Tööandjate Keskliit, 2018). The Estonian Trade Union Confederation published their proposals for the upcoming elections. These include a variety of topics, like promoting sectoral level collective bargaining and tripartite social dialogue, regulating new work forms, and improving life-long learning and reforming unemployment insurance system (Eesti Ametiühingute Keskliit, 2018).

Developments in industrial relations 2018

Changes affecting the national-level actors and institutions in 2018

Actors
There were no major developments affecting the main actors or institutions in 2018.

Representativeness
On 25 January 2018, the Estonian Trade Union Confederation (EAKL) and the Estonian Employers Confederation (ETKL) concluded a Good Practice Agreement on the Extension of Collective Agreements which set a representativeness criterion for social partners. Previously, there were no representativeness criteria for social partners in place in Estonia. According to the Collective Agreements Act, collective agreements can be extended in respect of wage, working time and rest time conditions (the scope is set in the collective agreement) in case of multi-employer agreements, i.e. if the agreement is concluded between an association or a federation of employers and an association or a federation of employees or a confederation of employers and a confederation of employees. According to the good practice agreement, however, only multi-employer agreements concluded between the most representative social partners should be extended. The most representative social partners are those with the highest number of members, and, in case of similar membership level, the organisation being a member of EAKL or ETKL will be considered the most representative. An extended collective agreement cannot cover more than one sector of field of activity. The good practice agreement is not officially binding, but the national level social partners hope that it will be followed (Eesti Ametiühingute Keskliit, 2018b).

Institutions
In May 2018, the Estonian government and social partners re-established tripartite social dialogue by gathering together and discussing labour and social policy relevant topics. The Estonian Trade Union Confederation has for years suggested that such meetings should be re-established. They have also proposed tripartite meetings to discuss some specific topics, for example the pension reform. The invitation for the meeting came from the Prime Minister, but there is no information available regarding the reasons for this sudden change. The last time such a tripartite meeting took place was more than a decade ago in 2002. In 2018, two such meetings were held. It is not a tripartite institution but offers a framework for tripartite discussions. It was agreed that five persons from each organisation (the Government, the Estonian Trade Union Confederation and the Estonian Employers Confederation) would participate and each party can propose two-three topics to discuss.
Changes affecting the sectoral and company level social dialogue 2018

In 2018, only a small change affecting the social dialogue in Estonia was made. The trade unions have now followed the Good Practice Agreement on the Extension of Collective Agreements and the suggestions of ILO and publish sectoral or national level draft collective agreements for a public consultation round so that all organisations, companies and persons can provide their well-reasoned opinions regarding the agreements.

*Innovation in collective bargaining*

There was no innovation used in 2018.
### National social dialogue in 2018 – Scope and Contribution

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<tr>
<th>Themes</th>
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<tr>
<td><strong>Employment - Addressing labour shortages</strong></td>
<td>The issue of foreign workforce entering Estonian labour market and therefore how to handle the immigration quota more flexibly has been under more focused discussion for a couple of years. While it is necessary to find additional workforce due to aging and decreasing population, it is also argued that it would be more beneficial to find ways to use the existing workforce, including older people and those with reduced work ability currently out of labour market.</td>
<td>A working group consisting of 19 organisations, including peak-level social partners, was formed by the Ministry of Interior in 2017 with the aim of finding solutions to the issue.</td>
<td>Legislation was passed in June 2018, while only some of the suggestions made by the working group were approved, which was criticised by the Estonian Employers Confederation (ETKL). Firstly, third-country national working in Estonia short-term are excluded from the quota anyway, however the term was extended from 9 months to 12 months. Secondly, although some specialists are already excluded from the quota (e.g. ICT sector), it was decided to exclude all top-specialists (those whose gross wage is at least two times the national average wage) from the quota, irrespective of their sector or field of activity.</td>
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<td><strong>Skills, training and employability - Training</strong></td>
<td>Life-long learning and continuous training of workforce has been priority topic for Estonian Trade Union Confederation, but also promoted by Estonian Employers Confederation due to the labour force scarcity, the need to keep people working longer and technological development.</td>
<td>Both the social partners have promoted the idea and as both of them are present in tripartite supervisory board of the Estonian Unemployment Insurance Fund, the measures to support all people in life-long learning were agreed to be part of the Fund’s active labour market measures.</td>
<td>As of May 2017, in addition to registered unemployed, employees whose skills are outdated and whose wage is less than national median wage are eligible for labour market training service or support for studies in order to prevent unemployment. As of June 2018, the eligibility criteria were widened - the wage limit was raised to national average wage and also those who are working under other contracts in addition to employment contract and civil service contract will be eligible.</td>
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<td><strong>Benefits - Reform of unemployment benefits</strong></td>
<td>In 2017 the Minister of Employment, Troels Lund Poulsen, established an expert committee on working environment. The task for the committee was to rethink the working environment (occupational health and safety) system in Denmark. The committee consists of four researchers, four representatives of the social partners and a chairman appointed by the government. There is a long-standing tradition in Denmark to have a tripartite dialogue on working environment issues. In September 2018 the committee came up with 18 recommendations for an improved Occupational health and safety effort. The recommendations are backed by the social</td>
<td>The Estonian Trade Union Confederation (EAKL) promotes the issue. They prepared proposals to change the legislation to extend the group of people eligible for the benefit in 2017, which was not taken up by the Government. In 2018 they continued with their lobby.</td>
<td>The Ministry of Social Affairs has commissioned a study to analyse different scenarios of how to improve or change the system.</td>
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<td><strong>Taxation and non-wage related labour costs - Reform of taxation system</strong></td>
<td>For years, it has been discussed by some interest groups that the social tax system should be reformed in order to encourage the creation of high-paid jobs as well as part-time jobs by introducing social tax ceiling and abolishing minimum social tax obligation.</td>
<td>The Estonian Employers Confederation has promoted the idea for years and kept doing so in 2018.</td>
<td>There are also other groups interested in reforming the tax system and it is already a topic of upcoming parliamentary elections in March 2019, thus discussions continue.</td>
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<td><strong>Pension reforms - Broader package of pension reform</strong></td>
<td>Due to aging and decreasing population, it has been found by analysts and experts that the Estonian pension system will not be sustainable. The plans to reform the system started in 2015, followed by several discussions and debates among the interest groups.</td>
<td>Social partners did not express many public opinions about reform itself during the years. Estonian Trade Union Confederation proposed the Government to step into tripartite social dialogue regarding the topic without success. Both social partners were included in the process through general formal consultation process.</td>
<td>After long discussions between the interest groups and some changes to the initial plans, the reform was approved by the Parliament in December 2018, entering into force gradually as of 2021. The social partners are overall satisfied with the reform but emphasize the need to concentrate on other related issues also so that the reform could be as beneficial as hoped (e.g. life-long learning and work place adaptation to keep older people in labour market).</td>
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<td>Wage setting - Gender pay gap</td>
<td>Estonia still holds the highest gender pay gap among the Member States (25.3% in 2016, Eurostat). More direct measures to narrow the pay gap are needed, thus the changes to the Gender Equality Act (RT I 2004, 27, 181) were approved by the Government in 2018. These changes aim at authorising the Labour Inspectorate to monitor the remuneration and benefits paid by employers to men and women for equal work by using a digital tool which will help to conduct initial inspection based on the data the organisations have already provided to the state through employment register.</td>
<td>Both social partners have been formally consulted during the legislative process.</td>
<td>Legislation is currently being discussed by the Parliament. It was initially planned that the supervision would be carried out in the entire labour market, however, due to the employers’ dissatisfaction with the idea (too much burden on private sector), it was decided to start with public sector.</td>
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<td>Working time - Flexibility in number of working hours</td>
<td>Employment legislation should keep up with the emergence of new, flexible work forms and changing labour market. The Ministry of Social Affairs proposed changes to the Employment Contracts Act (RT I 2009, 5, 35), which would, among other things, provide more flexibility regarding working time organisation. The main proposal is the possibility for the employer and employee to agree on a range of working hours (e.g. 25-35 hours per week) instead of a specific number of hours per time period (e.g. 40 hours per week).</td>
<td>The peak-level social partners received the proposals as part of the formal consultation process and published their opinions.</td>
<td>Trade unions are worried that such flexibility could put weaker groups in the labour market in a difficult situation and suggests using sectoral-level collective agreements instead for such arrangements. The employers, on the other hand, welcome such flexibility stating that these arrangements are already existing, and that labour law should follow the path. Draft legislation is being developed and further discussions are on the way. There is no debate on the negative outcomes of emerged new forms of work, instead it has been expressed that Estonia should not only keep up with the new forms of work but think ahead and that our employment legislation should also be innovative, progressive and even ahead of its time.</td>
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<td>Work-life balance - Parental leave and benefit system reform</td>
<td>Estonian parental leave and benefit system has been rather generous since 2004, allowing parents to take the leave for three years and receive parental benefit for 1.5 years, and earn additional (although low) income from employment simultaneously. To provide more flexibility, to better reconcile work and family life and increase the participation of fathers in child care, a reform was started in 2016. This is also expected to have an impact on gender</td>
<td>Both the social partners have been formally consulted during the legislative process, but none of them have been very expressive about their view in this regard, although they both are supportive.</td>
<td>The first phase of the reform was approved in 2017, the second phase in the end of 2018. It enters into force gradually from 2018 to 2022.</td>
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<td>Terms and conditions of employment - New forms of contracts</td>
<td>As new work forms have already emerged and been taken into use in Estonia, the labour law should follow the developments, e.g. providing more flexibility and introducing new employee forms. The Ministry of Social Affairs proposed changes to the law, including more flexible conditions for fixed-term contract, and a new employee form - employee with an independent decision-making competence. For such employee, regulations like daily and weekly rest time, maximum weekly workload and other conditions would not be applied.</td>
<td>The ideas of how to change the labour law were sent to the social partners for general formal consultation; both the social partners gave their opinions.</td>
<td>The legislation is currently being prepared and further discussions will be held.</td>
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<td>Health, safety and well-being at work - Accidents at work</td>
<td>Ministry of Social Affairs seeks possibilities to reduce work accidents and create better working environments. They proposed to create an occupational accidents insurance system, which would compensate work accidents to employees and motivate employers to improve the working environment.</td>
<td>The initial ideas were sent to the social partners for general formal consultation; both the social partners gave their opinions.</td>
<td>The legislation is currently being prepared and further discussions will be held.</td>
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Selected major social dialogue debates

Potential changes to the labour law to provide more flexibility

In July 2018, the Ministry of Social Affairs announced their plans to change the labour law in order to offer more flexibility to employees and employers. Current regulations are rather strict in terms of working form, time and place and are not easily adaptable to new situations that in practice have already emerged (for example telework and platform-based work). The main changes include introducing a minimum/maximum-hours employment contract (i.e. a range of working hours per time period (e.g. 25-35 hours per week) instead of a specific number (e.g. 40 hours per week)), more flexible conditions for fixed-term contract, and a new employee form – employee with an independent decision-making competence. For such employee, regulations like daily and weekly rest time, maximum weekly workload and other conditions would not be applied. Another set of changes would amend the regulation of implementing the occupational health and safety requirements in case of ICT-based mobile work. This means that the employees working outside the employers’ premises would be responsible for ensuring they have a healthy work place.

The social partners are formally consulted, but both of them have proposed their own ideas previously as well. They both reacted mostly to the plans related to minimum/maximum-hour and fixed-term contracts. Trade unions are rather cautious and do not fully support these ideas. They admit that the problem that is aimed to be fixed exists – many persons already work under similar conditions, as due to the strict labour law, they are forced to work under service contracts, which in turn means that their rights are not protected. However, they point out that the working conditions and possibilities are not the same in different sectors (e.g ICT-sector compared to manufacturing). In some sectors, such flexibility could put employees in vulnerable position. Therefore, the solution for the problem lies in sector-level regulation through collective agreements. Employers, on the other hand, strongly support the proposed ideas. They agree with the Ministry that these changes just follow the current developments and should be part of labour law. They do not agree with trade unions’ statement that in some sectors the employers would take advantage of these changes. Also, according to them, sector-level agreements would not solve the issue, because in many sectors there are not any representative organisations to negotiate working conditions, and it would not be wise to force the creation of such organisations.

The plans and details are further discussed among stakeholders, including social partners. It is expected the changes would take effect in 2020.

Preventing health and safety issues at work place

In 2018, the topic of health and safety at work place and work environment found a great share of attention. Firstly, changes to the Occupational Health and Safety Act (RT I 1999, 60, 616), which has not seen any major changes for a rather long time, were approved (in force since 2019). The changes, firstly, decrease bureaucracy, e.g. the employers will not have to notify the Labour Inspectorate in case of minor work accidents. Secondly, more flexibility will be provided by, for example, giving the employer and the employee the possibility to agree on a penal fine if violating the occupational health and safety requirements. Thirdly, the changes also contribute more to the prevention of possible health damages and creating safer working environment by, for example, tying employees’ regular occupational health checks more strongly to the actual risks in the environment. More attention will be given to psychosocial hazards, by defining the actual risks and employer’s obligations related to the risks. Both the Estonian Trade Union Confederation (EAKL) and the Estonian Employers Confederation (ETKL) were formally engaged to the consultation process. Overall, they agreed with the changes. However, EAKL emphasized the need to concentrate more on collaboration between employers and employees and improving the conduction of work place risk analyses. ETKL saw the need to increase the employees’ responsibility in relation to work accidents, and to
tackle the issues related to telework – i.e. the employer could not be responsible for working environment in case the employee works at home.

Also, in July 2018, the Ministry of Social Affairs announced plans to create an occupational accidents insurance system. This would create a fairer system for the compensation of the costs in case of work accident to the employees. Currently, these costs are mostly covered from the solidary health insurance system. The system would also motivate the employers to improve the working environment. The size of the insurance premiums would depend on the risk level of the working environment, i.e. the safer the environment the lower the premiums. Therefore, it would roughly depend on the specific sector. For example, it is expected that it could be around €6 per employee per year in ICT-sector and €160 in waste management sector. Reacting to employers’ worries, the Ministry ensured that the system would not increase the overall tax burden of the employers, as with the establishment of the system, social tax or unemployment insurance premiums would be lowered. Trade unions support the plan, as this would make the employers to tackle the issue, conduct risk analyses and truly make work environments safer. Moreover, they suggested that the next step would be to create the occupational illness insurance system. The employers, on contrary, do not support the idea, as according to them it would put too much responsibility on the employers, while many accidents also happen due to employees not following safety rules and instructions. According to them, the system should also motivate employees to ensure their safety. Details will be further discussed. It is expected that the changes would enter into force not earlier than in 2021.

Unilateral government actions – without social dialogue

Immigration quota causing tension

Due to the aging and decreasing population, Estonia is finding ways to tackle the lack of workforce. In this regard, Estonian Employers Confederation has strongly promoted the need to attract foreign workforce into Estonia, suggesting several changes to the Aliens Act in the past few years. Many of the changes have been previously approved. In 2017, the immigration quota was included in the discussions. The quota, which applies to nationals of non-EU countries who want to work in Estonia, is currently 0.1% of the population per year (1,315 in 2018) and it has stood at this level for more than two decades. Recently it was changed so that ICT workers are excluded from the quota. In December 2016 it was the first time the quota was reached, but in 2017 it was reached already in summer. The quota of 2019 was already reached with applications in the end of 2018. ETKL has suggested to increase the quota stating that foreign work force enters Estonian labour market anyway, but if they do it outside the quota (e.g. as temporary or posted workers) the quality of the work force is poorer, and the state loses control and knowledge about these people. The Ministry of Interior formed a working group of 19 specialists in the field to find solutions how to handle the quota more flexibly taking into account the changing situation in the labour market. Both the national level social partners ETKL and EAKL were included in the working group. In 2018, the Government approved only some of the changes suggested by the working group, which was strongly criticised by the ETKL. According to ETKL, the aim of the working group was to find the best solutions, which was made through hard work in cooperation of many organisations, but the outcome was far from the results of these discussions. In their opinion, all of the suggestions should have been adopted, stating that the Government unilaterally decides what they want, so there is no point of such working groups. The Ministry of Interior stated that the issue of foreign workforce has more angels than just mitigating the immigration quota and excluding numerous different groups from the quota, thus other solutions should be found as well (improving the opportunities of local work force to...
participate in the labour market). Moreover, the aim of the immigration policy has been to attract and favour the immigration of top-specialist, high-quality workforce. Trade unions, as opposed to employers, were satisfied with the Government’s decision.

**Collective labour disputes in 2018**

**Changes in the regulation of collective labour disputes**
No major changes were made in this area.

**Selected major labour disputes of national significance**
In 2018, a company-level collective dispute received a lot of attention. Some of the workers of a meat production company started a strike, which turned out to be the longest strike in Estonia since the beginning of 1990s. The dispute itself dated back to October 2017, when the workers started demanding pay rise and were accused of unlawful strike due to not having a trade union. They then formed a proper union and started an official strike in the beginning of February 2018. Without any results, the workers continued with demonstrations and a strike and received support from sectoral and national level as well as Nordic trade unions. The employer claimed they needed time to reorganise their remuneration system, while the workers found the employer not being cooperative. The strike lasted for three months and ended on 16 April 2018 with the pay rise. However, further discussions were still ongoing as the workers demanded the employer to recognise and accept the trade union as a partner on paper so that the future negotiations would go smoother. No further details of these discussions are currently available.

**Working time 2018**

**Changes in the regulation of working time 2018**

*Legislation on working time duration or organisation*
Changes to the Employment Contracts Act (RT I 2009, 5, 35) were made (entry into force as of July 2018) with the aim of relieving the situation of employees who take care of a family member with disability. With the changes, such employees are guaranteed additional leave of five working days per calendar year, financed from the state budget in the amount of the national minimum pay. This is a new type of leave that did not exist before in Estonian labour legislation.

*Collective bargaining outcomes on working time duration or organisation*
There is no information available on trends related to working time regarding company-level collective bargaining outcomes.

A new two-year sectoral level collective agreement in health care was concluded in 2018. The agreement increases the minimum pay of health care workers. However, a brand-new aspect in health care collective agreement is an agreement of higher pay for working during night time (5% higher, as of 2019) and on weekends (10% higher, as of 2020). Two additional paid leave days were also granted to health care workers increasing the additional leave from 3-7 to 5-7 days (length depends on the position of the employee).
Major debates concerning working time duration or organisation
The Ministry of Social Affairs proposed changes to the Employment Contracts Act (RT I 2009, 5, 35), which would, among other things, provide more flexibility regarding working time organisation. The main proposal is the possibility for the employer and employee to agree on a range of working hours (e.g. 25-35 hours per week) instead of a concrete specific number of hours per time period (e.g. 40 hours per week). Trade unions are worried that such flexibility could put some groups in the labour market in a difficult situation and suggests rather sectoral-level collective agreements for such arrangements. The employers, on the other hand, welcome such flexibility stating that these arrangements are already existing, and that labour law should follow the path.

Health and well-being at work 2018

Physical working environment
In 2018, changes to the Occupational Health and Safety Act (RT I 1999, 60, 616) were approved. As of 2019, these changes: 1) decrease bureaucracy, for example, the employers will not have to notify the Labour Inspectorate in case of minor work accidents; 2) provide more flexibility, for example, the employer and the employee have the possibility to agree on a penal fine if violating the occupational health and safety requirements; 3) contribute more to the prevention of possible health damages and creating safer working environment by, for example, tying employees’ regular occupational health checks more strongly to the actual risks in the environment.

Psychosocial working environment
In 2018, changes to the Occupational Health and Safety Act (RT I 1999, 60, 616) were approved. As of 2019, these changes, among other things, give more attention psychosocial hazards. The main change was that psychological hazards were replaced with psychosocial hazards, in order to emphasize the importance of social aspects of work environment and work organisation on the development of stress or burnout. The definition of psychological hazards included monotonous or unsuitable job in line with the employee’ abilities, poor work organisation and working alone for a long time. The new definition of psychosocial hazards includes work with a risk of accident or violence; unequal treatment, bullying and harassment at work; and other factors related to management, work organisation and working environment that can affect employee mental or physical health, including work-related stress.

Employment status 2018
No major changes in 2018 for: Self-employed; Fixed term contracts; Temporary agency workers; Posted workers; Seasonal workers and Zero hour contracts.

‘Standard’ employment contracts
In July 2018, changes to the Employment Contracts Act (RT I 2009, 5, 35) entered into force with the aim of relieving the situation of employees who take care of a family member with disability. With the changes, such employees are guaranteed additional leave of five working days per calendar year, financed from the state budget in the amount of the national minimum pay. This a new type of leave that did not exist before in Estonian labour legislation.
**References**

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The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency established in 1975. Its role is to provide knowledge in the area of social, employment and work-related policies according to Regulation (EU) 2019/127

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