



Latvia: Developments in working life 2016

[Developments in working life in Europe:
EurWORK annual review 2016](#)

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Political context affecting working life aspects

The government changed in 2016. Prime Minister Laimdota Straujuma announced her resignation on 7 December 2015 but was asked to stay in the office until 11 February 2017 when new Prime Minister Māris Kučinskis started service.

General or significant regional/local elections or referenda were not held in 2016.

On 18 May 2016 Latvia signed The Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention).

On 1 July 2016 Latvia became a full right member of OECD.

On 5 July 2016 the government adopted the new salary model for teachers.

An important political event was the arrival of the first families of refugees on 5 February 2016.

On 3 June 2017 the local government election will be held in Latvia.

In end of 2016, attitude to the financing of health care system changed significantly.

Collaboration between the Trade Union of Health and Social Care Employees of Latvia (LVSADA) and minister of the health care Anda Čakšayielded in the additional financing for the health care in 2017.

The government also adopted several regulations on the use of the EU Structural funds for reducing the early leave from education; integration of education and working environment; and facilitating employability and employment of seniors. Several regulations were adopted regarding the social guaranties of asylum seekers.

Public discussions on the EU social pillar were organised in the Representation of EC in Latvia (the European House) and in the Ministry of Foreign Affairs (both organised by the Ministry of Welfare); and in the Latvian Academy of Sciences (organised by the Latvian Academy of Sciences in collaboration with the Ministry of Welfare).

The state budget for 2017 was adopted timely. However, sharp discussions regarding the changes on the micro-enterprise tax arose when the budget was in its final phase of discussion in the Latvian Parliament (Saeima).

The main legislation on industrial relations was not changed. An important achievement concerns the amendments to the law on personal income tax. From 1 January 2017, costs of the meals provided and paid by an employer if envisaged by the collective agreement (but not more than EUR 480 per year) will be excluded from the employees' taxable income regarding personal income tax, if the employer complies with all rules set by the law. It is hoped that this measure will encourage employers to conclude collective agreements.

The government(s) in office during 2016

Government 1	
In office since / to	24 January 2014/ 5 November 2014 (the first term in office) 5 November 2014/ 7 December 2016 (the second term in office)
Name of the head of government (prime minister / chancellor / ...)	Prime Minister Laimdota Straujuma
Name all the parties that are forming this government	the Union of Greens and Farmers the Unity the National Alliance
List the changes in the composition of the government in 2016	No changes in the Straujuma's government in 2016
Additional comments	Resigned on 7 December 2015 but were in office until approving of the next Prime Minister
Government 2	
In office since / to	11 February 2016
Name of the head of government (prime minister / chancellor / ...)	Prime Minister Māris Kučinskis
Name all the parties that are forming this government	the Union of Greens and Farmers the Unity the National Alliance
List any changes in the composition of the government in 2016	The Minister of health care was changed: Guntis Belevics (11 February 2016 — 10 June 2016), Uldis Augulis as temporary acting minister (11 June 2016— 11 July 2016) and Anda Čakša (11 July 2016- acting).
Additional comments	

Elections and referenda

There were none.

Forthcoming significant elections or political events in 2017

Local government elections on 3 June 2017. Local governments will be elected in 119 municipalities —9 cities under the state jurisdiction and 110 administrative territories.

Reactions from the social partners on new government's working life policies

Only some ministers changed in the new Cabinet of Ministers if compared with the previous one, and new prime minister is a well-known politician. Therefore, special **reaction from the social partners** in the context of the envisaged changes to the policy on employment and industrial relations was not observed. In fact, the new government is in direct continuation from the previous government.

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 no changes in the way in which the representativeness of social partners is regulated or assessed.

The representation rights of the national level employees representative - the Free Trade Union Confederation of Latvia (LBAS) were more secured by Section 16 of the new law On trade unions (adopted in 2014) that sets forth that the trade union interests at the national level in relations with the Cabinet of Ministers has to be represented by the trade union association that unites the largest number of workers in the country. The trade union interests in relations with the state and local government institutions at the sector, profession level or at the level of administrative territory should be represented by the trade union that is member of the trade union association uniting the largest number of workers in the country. However, the law permits the state and local government institutions to collaborate with other trade unions and their associations if necessary.

Major developments affecting the main actors

The mergers of peak level organisations or new admissions to the national level social dialogue organisations did not occur. Collaboration between the Latvian Employers' Confederation (LDDK) and the Latvian Chamber of Commerce and Industry (LTRK) increased.

The data on the membership of social dialogue organisations for 2016 is not available.

On 9 August 2016, the national level employers' representative LDDK, its cooperation partners and the government signed the agreement defined as common vision on joint actions, co-operation and the principles of social dialogue. In this agreement the involved parties expressed a strong commitment to create an effective state revenue service. The agreement also envisages that the government will not only provide reforms in the public administration, but also support better economic development and create a stable and transparent tax policy. The agreement was signed by the Prime Minister and the presidents of LDDK, LTRK, the Latvian Academy of Sciences, and the chair of the Latvian Association of Local and Regional Governments (LPS). The LBAS did not sign this agreement.

The partners agreed that until 1 April 2017, the strategy of tax policy for 2017 – 2021 should be elaborated and agreed with social partners and this strategy should be respected without changes until 2010. In 2017, only these changes should be implemented that are agreed with the social partners within the National Tripartite Cooperation Council (NTSP), namely: the tax regulations in the taxi sector, expansion of the reverse VAT, the tax relief for meals provided by an enterprise, the wage tax relief for the enterprises where collective agreements are signed, revision of the solidarity tax and the tax regime for start-ups. Some of these

requirements, namely, the wage tax relief for the enterprises where collective agreements are signed and the regime for start-ups were implemented in the state budget for 2017.

Legislative or institutional changes to the main social dialogue institutions

Legislative or institutional changes to the main social dialogue institutions were not introduced. The new management of LBAS was elected on 2 December 2016. Egils Baldzens was elected as the President of LBAS, and Irēna Liepina and Aleksandrs Muhlinkins were elected as Vice Presidents.

Changes in the social dialogue processes

Practice of the national-level social dialogue processes was not changed.

Main social dialogue topics and outcomes in 2016

Themes	Description of issue	Main result
General labour market topics		
Job creation, reduction of unemployment	LDDK (but not LBAS) participates in the Supervision Commission of the Implementation of the European Structural Funds and other institutions regarding the employment promotion, innovation and research.	The law on the state support to fast growing technological enterprises (start-ups) was adopted (valid from 1 January 2017). The support measures include: a fixed payment instead of a personal income tax payment and a social contribution, the special tax regime regarding the enterprise income tax, support for hiring of the high qualified personal, including foreigners. It is expected that the support program will promote founding of 20 new enterprises and to involve 120 high qualified employees.
Active labour market policies	No (major) issues debated in this area.	
Benefits (unemployment, sickness schemes)	Conditions for the unemployment benefit were discussed and changed in order to limit the use of the unemployment benefit for income coverage within the	The Saeima adopted more drastic rules for the unemployment benefits. Up to now, an individual was eligible for the unemployment benefit if

	non-season periods.	social contributions were paid for nine month prior to application for the unemployment benefit. From 1 January 2017, an individual is eligible for the unemployment benefit, if social contributions were paid for at least last 12 months within the last 16 months period.
Taxation and non-wage related labour costs	<p>The government planned to change the micro-enterprise tax (first proposal – to increase the micro-enterprise tax; then – to reduce the micro-enterprise tax but to introduce a social insurance payment from minimum base applicable to all workers regardless the conditions of employment (full time, part time etc) (75% of the state statutory minimum wage in 2017, equal to the minimum wage from 2018)).</p> <p>The personal income tax allowance was introduced for enterprises with collective agreements.</p>	<p>Both proposals concerning the micro enterprise tax were rejected amid social partners' protests (especially from LDDK).</p> <p>Amendments to the Law on personal income tax were introduced in order to introduce the tax allowance concerning the meals provided and paid by an enterprise in compliance with the collective agreement.</p>
Pension reforms	Indexation of pensions.	On 1 October 2016 old age, and other kinds of pensions that were granted (recalculated) up to 30 September 2016 and which were less than EUR 332; or the part of pension that is not more than EUR 332 (for pensions that exceed EUR 332) were increased by 1.86%. Pensions of some recipient groups were indexed in full amount.

Labour market participation of different groups	No (major) issues debated in this area	
Working life related themes		
Wage setting systems, including the setting of minimum wages	Wages in the public administration were discussed	Wages increased in the public administration within the state budget 2017.
Working time regulations	No (major) issues debated in this area	
Terms and conditions of employment, including different forms of contracts	No (major) issues debated in this area	
Health, safety and well-being at work		The government introduced the compensation for health damage during the service for the workers in internal security services.
Work-life balance related themes, incl. family leaves	No (major) issues debated in this area	
Skills, training and employability	No (major) issues debated in this area	
Any other relevant themes/topics addressed in the national level/peak level social dialogue		

Examples of selected significant social dialogue debates

Minimum wage

Short summary of the main issue under debate

The statutory minimum wage for 2017 was discussed as always, within the framework of elaboration of the annual state budget.

Brief description of the social dialogue process

The Ministry of Welfare prepares the proposal for the statutory minimum wage in each budget period in beginning of each year. The proposal is discussed between the government and the social partners in NTSP. The decision of NTSP is indicative. The national minimum wage is set by annual Regulation of the Cabinet of Ministers or its amendments. This Regulation sets the amounts of the minimum monthly wage and the minimum hourly tariff (which is applied if working-time is below the normal 40 hours per week). The last Regulation (No 656) was adopted on 24 November 2015. Before 2015, the Regulation of the Cabinet of Ministers established not only the minimum wage per month, but also the annual minimum hourly tariff (for the whole period), calculated as the minimum wage divided by the average number of working hours (for example, EUR 2.166 in 2015). Starting with Regulation No 656, hourly rate of the minimum wage is not set as defined amount; instead the formula for calculation is provided and should be used for calculation of the hourly rate on monthly basis. The Labour law states that for teenagers and workers who are exposed to

increased risk, normal weekly working time is to be considered to be 35 hours for the purposes of this calculation, making their minimum hourly tariff higher.

The first proposal came from Minister of welfare JānisReiris - to increase the statutory minimum wage by EUR 37. This was rejected by LDDK that agreed on slower increase of the minimum wage, and LTRK that insisted that fast increase of the minimum wage is dangerous for business. Amid considerations of the employers' representatives the governing coalition of parties decided to increase the minimum wage by EUR 10.

LBAS argued that the increase by EUR 10 is small and financial improvement will be insignificant. LBAS proposed the package of measures aimed at reducing poverty by increasing income for lower wage earners: the minimum wage should be increased at least by EUR 20, and the non-taxable income of the personal income tax (currently EUR 75) should be increased to EUR 130, as it was before crisis; and differentiated non-taxable income (was introduced in 2016) should be abolished.

Outcome of the social dialogue

In result of negotiations, the social partners agreed on increase of the minimum wage by EUR 10. This agreement was fixed in the amendments to the Regulation of the Cabinet of Ministers No 656 (adopted on 24 November 2015). Proposed changes in the non-taxable income were not discussed.

Views of the stakeholders on the social dialogue process and outcomes

Social partners participated in the process and accepted the final result.

Tax allowance regarding costs of the meals provided and paid by an employer

Short summary of the main issue under debate

Declining membership is an important problem of trade unions in Latvia. More than half of LBAS affiliates report decline in their membership annually, and just 3-5 trade unions report small increase in their membership. The purpose of the reported social dialogue procedure – introduction of a special wage tax regime for the enterprises with collective agreements - was to increase trade union's membership and to improve the collective bargaining.

Brief description of the social dialogue process

In 2015 LBAS suggested to introduce a special wage tax regime for enterprises with collective agreements. This was discussed in the National Economy Consultation Council with the Ministry of Economics. The idea was explained and agreed with employers who supported the trade union. After change of the government on 11 February 2016, the idea was discussed with the Ministry of Finance and leading political parties; and gradual approach – to start with the tax allowance regarding the costs of the meals provided and paid by an employer, was accepted. Principal agreement on such an approach was fixed in the agreement set by LDDK, its partners and the government on 9 August 2016.

Outcome of the social dialogue

On 23 November 2016 the government adopted the amendments to the law On personal income tax that set forth that costs of the meals provided and paid by an employer according to the existing collective agreement are excluded from the taxpayers' taxable income in the amount not exceeding EUR 480 per year (EUR 40 per month on average) if an employer fulfils six requirements: total costs of the meals provided and paid by an employer according to the existing collective agreement do not exceed 5% of the total yearly gross wage fund; an employer employs at least six employees; an employer does not have a tax debt (including the social insurance contributions) that exceeds EUR 150 in total; an employer is not accused by decision of a competent institution or court as guilty in violence of particular aspects of the labour legislation within last two taxation years; an employer has been economically active at least one full calendar year prior to the taxation year in which the exemption is implemented; and an employer is not declared as being involved into the insolvency process, its economic activity is not suspended or closed.

If an employer is part of a group and the collective agreement relates to the entire group, exemption also relates to the entire group. Exemptions do not relate to employers that are public persons of state or local governments, or a public-private company.

Views of the stakeholders on the social dialogue process and outcomes

Trade unions were satisfied that their efforts were taken into account. The tax allowance might encourage employers to establish trade unions in their organisations and sign collective agreements. Employers organisations congratulated introducing of the tax allowance in the period when increasing of tax payments has been more typical.

Sectoral and company level social dialogue 2016

On 23 November 2016 the government adopted amendments to the law On personal income tax that set forth that costs of the meals provided and paid by an employer according to the collective agreement are excluded from the taxpayers' taxable income in the amount not exceeding EUR 480 per year (EUR 40 per month on average) if an employer fulfils six requirements, as reported above.

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

The discussion on a general agreement in the construction sector is ongoing. The debate continued within the sector regarding measures aimed at reducing the shadow economy in the construction sector (shadow economy index in the construction sector was 40% in 2016). The government and the sector's representatives have signed the Cooperation Memorandum that envisages reducing of the shadow economy in the construction sector by 50% until 2019. In end of November 2016, a conference was held in Riga, where representatives of the construction sector, experts and supervisors of the construction sector were invited to discuss implementation of the Memorandum. Proposals about the necessary steps differ. Partnership of Latvian Building Contractors (represents largest construction companies) insists on concluding of the national level general agreement in the construction sector and identification of the sector's specific minimum wage. Latvian Construction Contractor Association that represents small and middle sized enterprises proposes introducing of electronic identification cards in order to select qualified workers; and recording of worked time in order to control productivity.

It is expected that introduction of minimum wage and general agreement in the construction sector will help to reduce shadow economy and illegal employment that is most characteristic exactly in the construction sector.

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

Sector level agreement in the construction sector would be an example of innovative collective agreement at the sector level, but it is not yet concluded. At the company level contents of just some collective agreements are available for analysis; therefore it is impossible to identify innovative decisions at this level.

Policies and actions to address pay-inequalities

The recent public debate on pay gaps at the workplace

Specific policies and actions to address pay-inequalities in light of this report, that is, regarding individual characteristics (gender, race, age, nationality etc.), or due to the changing contracts or agreements with less favourable conditions for newly employed, or related to different contractual status (e.g. fixed term contracts, temporary agency work, posted workers, self-employed etc.) were not found.

In Latvia, only the minimum wage and wages in the public sector are regulated. Wage levels and dynamics are reflected in the official statistics. Updated and informative wage surveys are produced by a private company “Fontes Management consultation”, but these are not publicly available.

Pay inequalities were discussed in two aspects.

First, the wage level in public administration institutions was discussed in connection with difficulties that appeared in searching for the Head of the State Revenue Service. Employers continued to call for small, more efficient and goal-oriented public administration, but, at the same time, LDDK, together with LTRK, repeatedly expressed the opinion that urgent reforms via pay are necessary in the employees’ motivation system in the public administration. The State Revenue service, where Minister of finance initiated intensive personnel change in beginning of 2016 that ended with resignation of its leader, should be a pilot project. The first condition for the successful change is respectable salary of key persons that is not less than the relevant remuneration in the private sector.

The suggestion was based on the findings of the comparative study of „Fontes Management consultation” that 90% of employed in the public administration receive salaries that are remarkably lower than in the private sector. The most critical gaps between wages in the public administration institutions and the private sector were observed for senior experts, and high level managers. This report encouraged the decision to increase salaries in 2017 for those employed in the entire public administration, not only for Head of the State Revenue Service.

Another discussion took place between the government and the Latvian Trade Union of Education and Science Employees regarding the teachers’ wage reform. Soon after approval of the new salary model, not only increase of teachers’ salaries, but also decrease was observed. Moreover, decrease compared with the wage level before introduction of the new model was seen in the larger schools and in the schools with better education results. For instance, [Riga City Council reported](#) that following the wage reform, wages of 26,35% of teachers in Riga’s schools will decrease compared to pre-reform level, 26.18% of teachers wages will not change, and 47,7% will increase. The City Council admits that wages have decreased for pedagogical workers who have demonstrated good quality of work, have achieved local awards and their students are able to represent Latvia internationally.

The new model also set forth lower minimum wage level (compared to education personnel in other education levels) for pre-school teachers in 2016 (EUR 620 for pre-school teachers versus EUR 680 on average for other teachers starting from 2016). Moreover, the relevant legislation permitted local governments to pay EUR 580 for this category of education workers, if they are not able to pay the statutory minimum – EUR 620.

The discussion rose about injustice embedded in the new teachers’ salary model. First, the Latvian Trade Union of Education and Science Employees (LIZDA) protested and warned about strikes. LIZDA insisted that inequality in education exists in the work organisation and pay, especially regarding the pre-school education. Previous regulations of the Cabinet of Ministers No 836 “On pay for pedagogical workers” set forth that pre-school education teachers’ normative workload per week is 30 hours and monthly wage can’t be less than EUR 405 – 420 (depending on the length of service) while in other education stages the same minimum monthly wage normative corresponds to the normative workload - 21 hours per week (inequality in the aspect of workload – 9 hours).

The new salary model increased inequality not only between teachers at different education stages, but also inside education institutions. From 1 September 2016 for the pre-school teachers who work with children in age 5-6 years old, the minimum salary is EUR 620 with normative workload 40hours per week; for those who work with children in age 1.5 - 4 years old, relevant norms are EUR 420 per month and 30hours or EUR 560 EUR and 40hours (far from average increase of the minimum teachers’ salary – EUR 680). LIZDA approached local governments and invited them to pay full minimum wage starting from 2016 (not from 2017 as envisaged by the government).

The issue was raised in the Ombudsmen's office. Ombudsmen Juris Jansons expressed opinion that the new model is unequal and shows violence of principles of a good management.

The situation regarding the teachers' wages following the wage reform [was investigated and published on 14 February 2017](#) (in Latvian) by the investigative journalism organisation Re:Baltica. Overall, the average monthly pay for teachers has grown in 103 out of 119 counties and large cities, has decreased in 11 counties and large cities and has unimportantly changed in six counties and large cities. The decrease was found in places where the number of schoolchildren is low. However, the research does not discover net impact of the wage reform, because the analysed pay includes sponsoring from municipalities. Because of this, potential decrease in better schools was hidden. For instance, teachers' salaries were sponsored by 18% of teachers wages in Mārupe municipality (with the highest average wage level EUR 1121/month), 16% in Ropaži municipality (with average wage level EUR 1013/month), 13% in Adaži municipality (with average wage level EUR 987/month). On other hand, in some schools the average monthly wage after the reform was just over EUR 500/month, and municipalities were not able to provide extra pay. In total, 21 municipalities did not provide their teachers extra pay.

In the final stage of adoption of the state budget harsh discussion appeared on two issues. In 2016, the Saeima adopted the amendments to the law on state social insurance. In compliance with these amendments, the social insurance contribution (34.09% of the payroll) should be paid for all employees (including part time workers) at least in the amount that equals to the social contribution from the 75% of the minimum wage in 2017 and full minimum wage from 2018 (called as "payment from the minimal base"). In November, in several attempts and before the amendments became valid, some special cases were introduced where such contributions could not be paid.

Another hot issue in end of year [was the micro-enterprise tax](#). The government proposed to reduce the micro-enterprise tax to 5%, but this rate would not include social contribution. In addition to 5% micro-enterprise tax employers should pay social contribution according to the before described order.

Both issues were tied together and caused sharp reaction from employers and employers' organisations and finally were rejected. Instead, the previous scheme of increasing the micro-enterprise tax was left.

Positions regarding the posted workers directive

Latvian legislation (Section 14 of the Latvian Labour law) set forth the following norms regarding posted workers.

„If an employee has been posted to perform work in Latvia, then, irrespective of the law applicable to the employment contract and employment legal relationships, such posted employee shall be ensured the working conditions and employment provisions provided for by the regulatory enactments of Latvia, as well as by collective agreements which have been recognised as generally binding and which regulate:

- 1) maximum working time and minimum rest period;
- 2) minimum annual paid leave;
- 3) minimum wage rate, as well as supplementary payment for overtime work;
- 4) provisions regarding securing a workforce, especially with the intermediation of work placement services;
- 5) safety, health protection and hygiene at work;
- 6) protection measures for persons under 18 years of age, for pregnant women and women during the period following childbirth, as well as the provisions of work and employment of such persons; and

7) equal treatment of men and women, as well as prohibition of discrimination in any other form.

An employer who posts an employee to perform work in another European Union Member State, European Economic Area State or Swiss Confederation, irrespective of the law applicable to the employment contract and employment legal relationships, has a duty to ensure for such posted employee the fulfilment of employment provisions and the working conditions in accordance with the above mentioned norm of the Labour law in compliance with the regulatory enactments of the relevant state regulating the posting of employees.

According to the current legislation, if an employee has been posted to perform work in Latvia or from Latvia to another country, then, such posted employee shall be ensured the minimum wage in compliance with the regulatory enactments regulating the posting of employees of the country where the work has been performed. The notion of the minimum wage and costs that are included in the minimum wage are determined in the normative acts or practice in the country where work has been performed.

Moreover, the posted worker shall be ensured regulations set forth by collective agreements which have been recognised as generally binding in the country where the work has been performed, regarding, among others, minimum annual paid leave, minimum wage rate, as well as supplementary payment for overtime work.

The aim of the revision of the posted workers directive is to promote the principle, that the same work at the same place should be remunerated in the same manner, or, in other words, to level playing field between posting and local companies.

Positions of trade unions

The common and official position of trade unions was expressed in 2016 in the e-mail message as the LBAS comment to the Latvia's Position No.1 regarding the European Commission's proposal to the „targeted revision” of the rules on the posting of workers (PWD).

LBAS agreed with the general purpose of the „targeted revision” regarding application of the principle of equal pay and avoiding of the unfair competition, but also drew attention on the longer perspective when because of the negative migration balance and lack of local workforce more and more foreign enterprises and posted workers may appear in Latvia. The average gross wage in the Latvia's construction sector is high. It might happen, that costs of the posted workers are lower than the average wage of local workers and there will be need to protect the sector against the social dumping.

LBAS joined opinion of the Ministry of Welfare that the Commission's proposal has been published without the relevant impact assessment, but rejected opinion that the Commission's proposal will entail higher labour costs and lower competitiveness for an employer posting a worker. LBAS stressed that in Latvia also there is not analysis of the components of the price of the service delivered by posted workers – whether it includes the pay level that is equal to the minimum wage or to the average wage in the sector..

LBAS insists that through posted workers activities the competitiveness in ES is built on the labour costs and their differences, instead of principles embedded in the idea of the internal market – quality of services, creativity, and innovations.

LBAS joined the Ministry of Welfare in the position that posting of workers in the transport sector is very specific service and it requires specific regulation. It should be clearly stated that PWD relates also to the transport sector and drivers are protected by PWD.

Since elaboration of the country's position, trade unions have not been invited to participate in the discussion of the country's position in the Parliament.

LBAS [joined ETUC in the opinion](#) that EC proposal does not achieve the stated goal – to provide for fair competition. The proposed restrictive definition of the type of recognised collective agreement is not satisfactory: it excludes most sectoral collective agreements in some countries (including Germany and Italy), and all company-level agreements. The revision is very narrow and fails to include elements to stop the exploitation of workers: the right of trade unions to collectively bargain for posted workers; and making main contractors jointly liable with their subcontractors for respect of terms and conditions of employment.

As member of ETUC, LBAS joined European social partners for the [letter](#) from ETUC, BusinessEurope, CEEP and UAPME to the European Commission where they asked the Commission to take the time needed to adequately consult with the social partners before launching its proposals.

Positions of employers organisations

Common and official position of the employers organisations was expressed by LDDK. It was submitted to the Government in 2016 and was included in the Latvia's Position No.1 regarding the European Commission's proposal to the „targeted revision” of the rules on the posting of workers (PWD).

LDDK considers that proposal of European Commission is premature and is not prepared in adequate quality (it does not have sufficient assessment on impact on economy, growth perspective and sector development). LDDK supports the Government's position and agrees, that transposition and implementation of the Directive 2014/67/EU is a priority in order to fight fraud and abuse, as well as to improve transparency. LDDK also considers that the costs of posting of workers are comparatively high. By increasing pay, these costs will not be competitive in relation to enterprises which employ local workers.

LDDK fully supports position of the BUSINESSEUROPE.

Position of the government

Latvia was among 11 countries that warned that the commission may be violating the principle of subsidiary and proportionality, and applied the “yellow card” procedure.

The position of the government was expressed in the Latvia's national position Nr 1, that was elaborated by the Ministry of Welfare, approved by the Cabinet of Ministers on 12 April 2016 and supported by the Saeima's Commission of European Affairs on 27 April 2016 „On the proposal for a Directive of the European Parliament and of the Council amending Directive 96/71/ES of 16 December 1996 concerning the posting of workers in the framework of the provision of services”. The country's position is identified as „for limited use” (not open for publication). Here we refer to the brief report about the Latvia's position published in the Informative report on National positions of Latvia in items discussed in the meeting of the EU Employment, Social Policy, Health and Consumer Affairs Council on 16 – 17 June 2016 that are in the competence of the Ministry of Welfare, the Ministry of Agriculture and the Ministry of Culture (http://www.lm.gov.lv/upload/es/1/epsco_160616.pdf (in Latvian)).

The government is cautious towards the Commissions' proposal. It opposes unconvincing substantiation of reasons for changes that is based on the one-sided impact assessment. The memorandum that explains the changes as well as the impact assessment do not provide motivation for the amendments to the Directive 96/71/EC so that all posted workers in all EU countries would benefit. Since the „yellow card” procedure is started, Latvia's position is that the European Commission has to take politically responsible actions and it should take into account proposals and arguments received from Parliaments of the member states.

Pay gaps at the workplace

Evidence

Third year in sequence the online recruitment agency CV-Online conducts the survey on wages and work remuneration in Latvia. It discovers the actual network remuneration level in different positions of workers, including main salary, premium wages and bonuses.

The research is based on data from Algas.lv – the largest publicly available wage information database (results of the permanently active internet survey www.algas.lv). Data was obtained starting from 1 January 2015 for almost 20 872 respondents, of which 44% were males, 56% females. More than 70% of the respondents lived in Riga or Riga's region. 35% of the respondents were 30 to 39 years old.

The results are based on the quantitative research of the data from the wage survey and the qualitative analysis of the data on the work remuneration that was obtained from the CV Online daily work.

Full information about this survey is published in Latvian in the journal "Kapitāls" (April 2016).

The results of the wage inequality at the workplace were not published; however such analysis could be possible from the obtained data. It is stressed that the gap in the work remuneration between Riga and other large cities increases.

Another survey on wages is regularly conducted by the private company "FontesManagement".

The Central Statistical Bureau of Latvia (CSP) publishes data on wages by gender for Q1 only. There are some special CSP issues related to pay, population income and income inequality, but at the national or the sector level.

Pay inequality at workplace is not specifically monitored in Latvia.

The State Labour inspectorate is not involved in monitoring of the work remuneration unless cases when labour legislation is violated (for instance, the minimum wage is not paid for work within the normal working time. In compliance with the Annual Report of the State Labour Inspectorate, in 2015, pay issues were reason for 10% of all violations that were discovered in enterprises and 25% of all workers' complaints, but mainly on other issues such as late pay, or incorrect pay for overtime work.

Work remuneration is monitored and analysed by private company Fontes, but their research is available only at the media briefings level. It may be used for the policy analysis, but does not have any administrative power.

Policies to address pay inequalities at the workplace

Neither specific legislative nor non-legislative policies addressing pay inequalities at the workplace are known. Moreover, there is no data about the level and types of pay inequality at workplace. The state policy is focused on reducing of income inequality at national level. Social partner's involvement in addressing pay inequalities at the workplace

Social partners are involved in monitoring of pay in workplace as far as it concerns their members. In enterprises where trade unions are established the problem is solved in discussions with employers, negotiations and collective bargaining.

However, collective bargaining rarely addresses wage issues due to uncertainty about the financial conditions in future in private enterprises, as well as in the state and local government institutions. Regarding wages, collective agreements of state commercial companies are more generous, but these collective agreements are not available for research.

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

LBAS legal issues specialist provides free of charge consultation on employment rights and assists in the preparation of claims concerning the pay inequalities.

At the policy making level, the social partners have not expressed initiatives in addressing pay inequalities in the workplace and beyond.

Activities at the national level are mainly concerned with regulation of the minimum wage and the non-taxable minimum of the personal income tax in general. Influencing/ shaping the policies (legislation) regarding the wage inequality in the workplace via the social dialogue instruments is not characteristic for Latvia.

Bilateral or unilateral initiatives aimed at the creating awareness social partners usually organise together and in cooperation with the State Labour Inspectorate. Efforts are directed towards the increasing awareness about the employment rights and providing information about the significance of a written employment contract.

WORKING PAPER

Promoting the reconciliation of working families and caregivers

Recent policies

New policies aimed at helping families with care responsibilities to better reconcile work and family life have not been introduced within 2015 – 2016. New measures/policies with regard to caring for dependent relatives in need of long-term care also have not been introduced.

The package of the social legislation was elaborated in the end of the 1990ies.

Since then amendments have been adopted almost every year, but these have been focused on the financial aspects of the assistance to beneficiaries. These changes were not specifically aimed at helping the families with care responsibilities to better reconcile work and family life.

Amounts of the family benefits in relation to the maternity, paternity, parental and care leaves and other family related benefits and allowances were reduced in crisis period **for financial reasons**(largest cut in 2009)and then increased (gradually starting with 2013 (Informatīvais ziņojums

„Par turpmāku valsts pabalstu izmaksas ierobežojumu noteikšanas pamatojumu” LR Ministru kabineta, 15.03.2013)).

On 16 June 2009 the law On payment of state allowances during the time period from 2009 to 2012(valid from 1 July 2009) was adopted. The purpose of the Law was to provide social security to persons within the scope of available financing in accordance with the laws on the State budget for the current year during the time period from 1 July 2009 until 2012 (prolonged to 2014). The law is still valid. This law established ceilings for the social benefits and allowances depending on the availability of the financial resources for the social needs. For instance, it was set forth that from 1 July 2009 only half of the calculated parent's benefit should be paid. From 1 January 2013 to 31 December 2014 the maternity and paternity benefits should be paid as follows: LVL 23.02/calendar day (EUR 32,75) are paid in a full amount, but only 50% of the calculated benefit over this limit could be paid. The gap between calculated and paid benefits and allowances was never compensated.

The current levels of some family related benefits (allowances) or their characteristics (calculation formulas, calculation basis, rates) are comparable with the pre-crisis level (year 2007) and some are not. Family related benefit (allowances) may be as a social insurance or a social assistance benefit. The amount of a **social insurance** benefit depends on the average salary of the benefit recipient that is subject to insurance contributions (further – individuals' average social insurance salary), the formula for calculation of the average social insurance salary and the rate of the benefit. Rates of social insurance benefits (but not for all benefits) might be comparable. However, the average amount of the benefit, and especially amount of the benefit for an individual may be both, larger or smaller than before the crisis regardless proportion of the rate to the pre-crisis level, depending on the individual's social insurance salary and its calculation methodology.

Social assistance benefits are usually established in amount and might be compared, but several of them were modified in 2009 and afterwards.

The maternity benefit and the paternity benefit both are social insurance instruments. The rate of both benefits was a 100% of the amount of the individual's average insurance salary in 2007, 70% in 2009 and 80% in 2017.

The parents' benefit is a social insurance instrument. The current level is not comparable with the pre-crisis level because, instead of only one available version until 2013, from 1 January 2014 parents can choose one of two versions: to apply for the benefit related to care up to one year age of a child, or, to apply for the benefit related to care up to 1.5 years age of a child. The rate of a single version benefit was 70% of the individuals' average insurance wage but

not less than 70% of double the amount of the State social security benefit in force on the day of requesting of a parents' benefit (in 2009). Currently the rate is: 60% of the individual's average social insurance salary if applied for the benefit related to care up to one year age of a child or 43,75% if applied for the benefit related to care up to 1.5 years age of a child.

The childcare benefit is a social assistance instrument. Current amount of the childcare benefit is EUR 171/month for an individual who takes care of a child up to 1.5 years of age, and EUR 42.69 for an individual who takes care of a child in age 1.5 – 2 years.

The state family allowance is a social assistance instrument. The allowance is set in amount for the first child and multiplied by the coefficient for the following children. Additional payment is set in amount for families having a child with disability. The amount of allowance for the first child and the extra payment for families having a child with disability has not changed since 2005, but coefficients have changed. In 2007, the coefficients were increased to: 2 for the second child (up from 1.2), 3 for the third and more children (up from 1.6), coefficient for the fourth and the following children (1.8) was abolished. However, from 1 April 2017, the state family benefit for the fourth and the following children in the family was reintroduced with coefficient 4.4, what makes in EUR 50.07 per month (amendments to the Law on state social allowances, aimed at the financial assistance to large families). Currently the state family benefit is EUR 11,38/month for the first child, EUR 22,76/month for the second child, EUR 34,14/month for the third and the following children. Additional payment in amount of EUR 106,72/month is available for families who have a child with disability.

The childbirth allowance is a social assistance instrument – a single payment in case of birth of a child. Before 2009, the amount of the allowance was LVL 295 (EUR 421.17). Parents were eligible for additional LVL 100 for the first child, LVL 150 for the second child and LVL 200 for the third child). In 2009 the new regulation was adopted, where additional payments for the first, second and the third child were abolished. The current amount of the allowance is EUR 421,17.

Rights to request special working time arrangements, place of work etc.

New rights to request special working time arrangements, place of work etc. were not introduced in 2015/2016. Labour law was amended in 2014.

The role of collective agreements

Special research on collective agreements regarding measures that support the work-life balance of the working families or caregivers was not found.

It is known from the LBAS database that collective agreements include some clauses that are specifically aimed at assisting families with children or people who need care. For instance, collective agreements often include norms providing for additional holidays in case of birth of a child, or death of a relative (in 77% of all company level collective agreements concluded in the LBAS affiliates in 2014); or special conditions for conciliation of work-life balance, such as tele-work, flexible working time, additional holidays for parents with children up to the age 16 years old (in 5% of all agreements); or special measures for elderly workers (3% of all agreements). To some extent, aggregated working time may also be used for improving of work-life balance – it is included in 10.7% of all agreements). 2% of all agreements include norms related to promotion of education and career development of workers.

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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.

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