

## MEMORANDUM

# Danish employment measures to mitigate the consequences of the COVID-19

27. March 2020

File no. 2020 - 2326

CADI

---

### **Tripartite agreement on the Danish labour market to retain jobs and pay of salaried employees in the private sector**

The Danish social partners and the Danish government have concluded a tripartite agreement on a Temporary Scheme for Salary Compensation to companies that are in risk of laying off a substantial part of their staff.

The agreement was presented on 15 March 2020 in light of the COVID-19 situation, which is straining businesses and creating insecurity for private sector employees. It is expected that the scheme can help retain jobs for thousands of employees as well as their salaries during the extraordinary situation on the labour market created by COVID-19. Companies that would otherwise be forced to cut staff by minimum 30 pct. or more than 50 employees are eligible for salary compensation under the scheme.

The state compensation will be at 75 pct. of the total salary expenses to the employees in question, however maximum 23.000 DKK (app. 3,080 euro) per employee per month. Firms will have to cover the remaining 25 pct. of the salary.

For hourly workers (with no notice period) the compensation rate is 90 pct. (maximum app. 3,500 euro).

Employees contribute by taking five days of mandatory annual leave.

The compensations will be paid out on condition that the employees in question are not laid off. The companies must also make a commitment that they will not lay off employees for financial reasons during the period in which they receive pay compensation.

The scheme is so far available for three months.

### **Compensation for small and medium sized companies**

Furthermore, the Danish government issued an aid package on 18 March for companies and self-employed persons.

The package consists of two elements: 1) Compensation for the companies overhead expenses and 2) a compensation scheme for small companies and self-employed persons. Companies with a significant decline in their turnover (more than 30 pct.) are eligible for compensation.

The first mentioned compensation is targeted at the overhead expenses ranges between 25 to 80 pct., whereas the last mentioned compensation relates to small companies and self-employed persons with a decline of more than 30 pct. in turnover. The state funded compensation will be at 75 pct. of the turnover loss with a maximum of 23.000 DKK (app. 3,080 euro) per month.

### **Establishment of a “Government and Business Corona Unit”**

The unit was established on 10 March and serves to give a mandate to the Danish government and the business community to debate temporary and targeted initiatives concerning the challenges that now face Danish businesses.

### **Sickness benefit reimbursement**

Employers of employees affected by the coronavirus (infected or quarantined) will receive sickness benefit reimbursement for wages and sickness benefits as early as the first day of absence rather than after 30 days, as under normal circumstances.

### **Possibility to temporarily reduce working hours of employees**

This possibility is one of the central suggestions to create a more flexible labour distribution. It entails the possibility for companies to temporarily reduce working hours of employees, where the employees will then receive supplementary daily cash benefits.

### **10 million DKK in funding for initiatives in case of large-scale dismissals (“varslingspuljen”)**

Allocation of 10 million DKK (app. 1,339,243 euro) to ensure fast and targeted initiatives in case of large-scale dismissals caused by COVID-19, such as job search courses or upskilling.

### **Suspension of activities in Job Centers**

The Job Centers will be closed and therefore the unemployed will not be able to meet for interviews or activation. However this will not affect the payment of benefits to the unemployed. Likewise, it is still possible to apply for unemployment benefits.

### **Increased access to unemployment benefits and sickness benefits**

Due to the COVID-19-crisis it can be even more difficult to find a job when you are already unemployed. Likewise, it can be difficult to realize a follow-up at the doctor, when you receive sickness benefits.

Therefore, in the period from 9 March to 9 June the receiving of unemployment benefit will not count as a period where the benefit has been received. Furthermore, persons having exhausted their right to sickness benefits in the period from 9 March to 9 June will continue to receive the benefits for three months.

### **Enhanced surveillance of the labour market**

The government has put an enhanced surveillance of the labour market into place. E.g. the number of vacancies and newly unemployed the previous day will be monitored and published on a daily basis.