

Application of ratified Conventions on wages

FINLAND

Article 22 baselines report

2022

EXPLANATORY NOTE

The present **draft baselines report** has been prepared by the Office to facilitate compliance with reporting obligations under article 22 of the ILO Constitution. It contains information currently available to the Office on the measures implementing ratified ILO Conventions on wages in Finland. Where implementing measures are of a legislative nature, hyperlinks to the relevant texts have been included. With regard to other implementing measures, the source of the information is indicated between square brackets. The information contained in the draft report does not indicate a view on the part of the Office regarding compliance with ratified Conventions, supervision of compliance being the responsibility of the ILO supervisory bodies.

You are kindly requested to review the information provided in the draft report and either:

- Validate, using the check boxes provided , if the information is up-to-date and complete; or
- Update as necessary.

Where information is missing, specific questions highlighted in yellow above the corresponding boxes are intended to assist governments in ensuring that the information in the final report is complete.

You are also requested to reply to pending [CEACR](#) comments within the specific boxes provided for this purpose.

Moreover, in accordance with the obligations under article 23(2) of the ILO Constitution, you are requested to indicate the representative organizations of employers and workers to which copies of the report (once reviewed and finalized) have been communicated (page 3 of this draft report).

If you have received from the organizations of employers or workers concerned any observations, either of a general kind or in connection with the present or the previous report, regarding the practical application of the provisions of the Conventions concerned, please communicate a copy of the observations received, together with any comments that you consider useful (a specific box is available for this purpose also on p.3 of this draft report).

In accordance with the established procedure, your final report should reach the Office by 1 September 2022 (Reporting contact: NORM_REPORT@ilo.org).

As explained in the Office communication of 9 April 2021, this draft article 22 baselines report is also the first step in the implementation of the [Governing Body's request](#) concerning the pilot project for the establishment of baselines for the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187). Please note that if the Governing Body decides to approve the publication of baselines on that Convention, the text in the shaded boxes which corresponds to the national implementing measures on that Convention could be made publicly available.

Country profile

List of ratified Conventions on wages (and their status)

- Protection of wages

[Protection of Workers' Claims \(Employer's Insolvency\) Convention, 1992 \(No. 173\)](#) - Finland has accepted the obligations of Part III (ratification: 1994), status: up-to-date

Pending CEACR comments

Comments on C173: none pending

Compliance with obligations under article 23, paragraph 2, of the Constitution¹

Please indicate the representative organizations of employers and workers to which copies of the present report have been communicated in accordance with article 23, paragraph 2, of the Constitution of the International Labour Organization. If copies of the report have not been communicated to representative organizations of employers and/or workers, or if they have been communicated to bodies other than such organizations, please supply information on any particular circumstances existing in your country which explain the procedure followed.

A copy of this report has been sent to the following labour market organisations:

The Confederation of Finnish Industries (EK)
The Central Organization of Finnish Trade Unions (SAK)
The Finnish Confederation of Professionals (STTK)
The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)
The Commission for Local Authority Employers (KT)
The State Employer's Office (VTML)
The Federation of Finnish enterprises (SY)

Observations from organisations of employers and workers²

Please indicate whether you have received from the organizations of employers or workers concerned any observations, either of a general kind or in connection with the present or the previous report, regarding the practical application of the provisions of the Conventions concerned. If so, please communicate a copy of the observations received, together with any comments that you consider useful.

The Central Organization of Finnish Trade Unions (SAK)

Employee claims are ensured in the event of an employer's insolvency under pay guarantee legislation. The Central Organisation of Finnish Trade Unions (SAK) notes that the maximum pay guarantee has only been increased once since the law entered into force in 1999. This increase was made in 2021 as part of measures to cushion the economic impact of the COVID-19 pandemic. SAK also points out that the maximum pay guarantee is not index-linked, and that there are no other binding methods for revising the maximum pay guarantee. Having regard to the restrictive mechanisms applied in Finland with respect to the pay guarantee, there are insufficient effective means to ensure that its value is maintained.

The Finnish Confederation of Professionals (STTK)

Article 13 of the Convention states that:

1. Claims protected pursuant to this Part of the Convention may be limited to a prescribed amount, which shall not be below a socially acceptable level.

2. Where the claims protected are so limited, the prescribed amount shall be adjusted as necessary so as to maintain its value.

With reference to the foregoing Article the Finnish Confederation of Professionals (STTK) calls attention to the fact that the maximum pay guarantee has only been increased once while the legislation has been in force, and even this increase concerned a measure related to COVID-19. The national Wage Guarantee Act does not link the maximum pay guarantee to any index, nor is any other binding review mechanism in place.

As a pay guarantee limitation mechanism applies nationally, the adequacy of the value of the pay guarantee should be ensured more effectively.

The Confederation of Unions for Professional and Managerial Staff in Finland (Akava)

Akava agrees with the SAK's statement.

REFERENCES

This draft article 22 baselines report has been prepared on the basis of the following national laws and regulations:

- [Pay Security Act \(No. 866/1998\)](#) - as at 2021
- [Pay Security Decree \(No. 1276/2009\)](#) - as at 2009
- [Seamen's Pay Security Act \(No. 1108/2000\)](#) - as at 2021
- [Seamen's Pay Security Decree \(No. 1277/2009\)](#) – as at 2009
- [Employment Contracts Act \(No. 55/2011\)](#) - as at 2021
- [Annual Holidays Act \(No. 162/2005\)](#) - as at 2022
- [Act on Centres for Economic Development, Transport and the Environment \(No. 897/2009\)](#) - as at 2021

PART I: Protection of wages

Protection of workers' claims (employer's insolvency)

I. Scope of application

Article 1(1) and (2) of Convention No. 173: Proceedings covered

Implementing measures

Please check if the information in the box below is up-to-date; if not, please update the text.

Moreover, please indicate whether the term "insolvency" has been extended to situations other than those listed in the Pay Security Act and the Seamen's Pay Security Act.

Section 1 of the [Pay Security Act \(No. 866/1998\)](#). [purpose of the Act]

Section 6 of the [Pay Security Act \(No. 866/1998\)](#). [situations in which the employer shall be considered insolvent]

Section 5 of the [Seamen's Pay Security Act \(No. 1108/2000\)](#). [situations in which the employer shall be considered insolvent]

The term insolvency has not been extended to situations other than those listed in section 6 of the Pay Security Act and section 5 of the Seamen's Pay Security Act. Insolvency situations are defined so widely that they cover practically all situations in which the employer is unable to pay wages due to financial difficulties. The insolvency of an employer is always investigated *ex officio*. A mere declaration of insolvency by the employee or the employer is not sufficient for disbursement of the pay guarantee. Nor may an employer prevent the granting of a pay guarantee merely by contesting the insolvency.

Article 1(3) of Convention No. 173: Employer's assets covered

Implementing measures

Please check if the information in the box below is up-to-date; if not, please update the text.

Moreover, please indicate how the extent of the employer's responsibility in the insolvency is determined by the national legislation or practice.

As a rule, the procedure concerns the entire assets of the debtor; excluding goods that are essential to his/her life or that of his/her family [Source: Government report on C173, received in 1996].

The pay security system ensures the payment of employee claims arising from an employment relationship in the event of employer insolvency. Pay security is only paid for clear and undisputed claims in accordance with the chapter 2 of the Pay Security Act and Seamen's Pay Security Act.

Provisions on liability for repayment are laid down in chapter 5, sections 16 to 20 of the Payment Security Act (866/1998). Claims payable as pay security and all entitlements related to it shall pass to the State on the date of the decision. Claims paid as pay security are collected from the employer or its bankruptcy estate, with interest and paid back to the state. A pay security decision is immediately enforceable. Payment can be reduced under section 19 of the Payment Security Act. For reasons important for safeguarding employment or for other reasons comparable to these or if the collection would be unreasonable in view of the financial position of the party liable for the payment, the Ministry of Employment and the Economy and, up to the amount laid down by decree (84 094 EUR), the Centre for Economic Development, Transport

Application of ratified Conventions on wages by FINLAND

and the Environment may grant deferral of payment or fully or in part exempt the employer or other party liable for the payment from the payment.

The claim is collected by means of enforcement or lodgements of claim in the employer's bankruptcy proceedings. The employer ordered to pay in a pay security decision may apply for an amendment of its payment obligation by filing a recovery action against the state. If the employer has declared bankruptcy, the dispute concerning the payment obligation can be resolved in connection with the bankruptcy proceedings.

Corresponding provisions are laid down in chapter 5 of the Seamen's Pay Security Act (1108/2000).

The Supreme Court ruled in its judgement 2012:59 that under the Pay Security Act, an employee is entitled to receive as pay security also that part of a compensation that has not been approved to be paid in a restructuring programme. The fact that the amount of the employee's claim is reduced in a restructuring programme does not eliminate the employee's right to compensation from state funds, even if the claim cannot fully be recovered to the state due to corporate restructuring proceedings. Furthermore, there are no grounds for treating employees differently depending on whether the employer applies for bankruptcy or restructuring proceedings due to insolvency.

The assets that belong to a bankrupt's estate are governed by chapter 5 of the Bankruptcy Act (120/2004). Dstraint of property and its limitations are governed by chapter 4 of the Enforcement Code (705/2007). If the employer is subject to debt adjustment of a private individual, then use of the debtor's income and assets to cover debts is determined in accordance with section 5 of the Act on the Adjustment of the Debts of a Private Individual (57/1993). Enterprise restructuring is governed by the Restructuring of Enterprises Act (47/1993). An employer undergoing enterprise restructuring is deemed to be insolvent in respect of claims arising prior to confirming the payment schedule.

Pay Security Act (866/1998), translation from Finnish, amendments up to 1552/2015 included: https://www.finlex.fi/fi/laki/kaannokset/1998/en19980866_20151552.pdf.

Bankruptcy Act (120/2004): <https://www.finlex.fi/fi/laki/kaannokset/2004/en20040120.pdf>

Enforcement Code (705/2007), translation from Finnish, amendments up to 987/2007 included: <https://finlex.fi/en/laki/kaannokset/2007/en20070705>

Act on the Adjustment of the Debts of a Private Individual (57/1993), translation from Finnish, amendments up to 714/2000 included : https://www.finlex.fi/fi/laki/kaannokset/1993/en19930057_20000714.pdf

Article 3(4) of Convention No. 173: Possible limitations

Please check if the information in the box below is up-to-date; if not, please update the text.

Moreover, please provide information on any extension of the protection under Part III of the Convention to other categories of workers or other branches of economic activity in accordance with this Article of the Convention.

Finland has accepted the obligations of Part III of the Convention providing for the protection of workers' claims by a guarantee institution.

Section 2 of the [Pay Security Act \(No. 866/1998\)](#). [scope of application of the Act]

Section 4 of the [Pay Security Act \(No. 866/1998\)](#). [workers' claims payable as pay security]

Sections 1 and 3 of the [Seamen's Pay Security Act \(No. 1108/2000\)](#).

The pay security legislation applies generally to all workers in an employment relationship. However, public workers are not covered by the pay security system.

Article 4 of Convention No. 173: Workers and branches of economic activity covered

Implementing measures

Please check if the information in the box below is up-to-date; if not, please update the text.

Moreover, please indicate whether categories of workers other than public workers have been excluded from Part III of the Convention by reason of the particular nature of their employment relationship; please indicate the reasons of these exclusions.

Please also indicate the categories of workers excluded from Part III of the Convention by reason of the existence of other types of guarantee affording them protection equivalent to that provided by the Convention; please indicate the nature of the protection afforded.

Finally, please provide information on consultations held with the most representative employers' and workers' organizations on the exclusion from Part III of the Convention of the above-mentioned categories of workers.

Section 2 of the [Pay Security Act \(No. 866/1998\)](#). [scope of application of the Act]

Section 4 of the [Pay Security Act \(No. 866/1998\)](#). [workers' claims payable as pay security]

Chapter 1, section 1 of the [Employment Contracts Act \(No. 55/2011\)](#). [scope of application of the Act]

The legislation on pay security applies generally to all workers in an employment relationship, however public workers are not covered by the pay security system. Insolvency on the part of the State and municipal employer in the sense of the Convention is impossible and the workers in the public sector therefore do not need its protection. [Source: Government report on C173, received in 1996]

Sections 1 and 3 of the [Seamen's Pay Security Act \(No. 1108/2000\)](#).

Under section 2 of the Pay Security Act, an employee shall be entitled to pay security if:

- 1) the work concerned has been done in Finland; or
- 2) the work has been done abroad in the service of a Finnish employer and the employee is domiciled in Finland.

Application of ratified Conventions on wages by FINLAND

Work done in Finland does not, however, entitle an employee to pay security if it has been carried out by an employee sent to Finland from abroad by a foreign employer to do temporary work. Work abroad referred to in subsection 1, paragraph 2 does not entitle an employee to pay security in so far as the employee is entitled to a similar benefit from another country.

The starting point of the pay security system in Finland is to secure claims arising from work done in Finland in accordance with the principle of territoriality. Temporary work done for a foreign employer in Finland is nevertheless an exception to this. As a rule, work is deemed temporary when its actual or intended duration is less than one year. An employee who has worked in Finland for less than one year is also covered by the pay security from the beginning of residence if the duration of work is at least one year. The pay security is only payable on the basis of work done abroad in the service of a Finnish employer if the employee is domiciled in Finland and is not covered by the pay security scheme or a comparable benefit of the country where the work was done or of another country.

Pay security legislation is drafted on a tripartite basis, in collaboration with the organisations representing the interests of employers and employees. The Government has appointed a tripartite Advisory Committee on Pay Guarantee Matters to monitor the functioning of the pay guarantee system and to make initiatives and proposals in matters related to pay guarantees. The committee also issues opinions on matters of fundamental importance for managing pay guarantee affairs.

II. *Protection of workers' claims by means of a privilege*

Finland has not accepted Part II of the Convention.

III. *Protection of workers' claims by a guarantee institution*

Articles 9, 10 and 11 of Convention No. 173: *General principles*

Implementing measures

Please check if the information in the box below is up-to-date; if not, please update the text.

Moreover, please indicate whether pay security matters fall under the responsibility of one or more Centres for Economic Development, Transport and the Environment. Please also provide information on the consultations held with the most representative employers' and workers' organizations regarding the measures taken for preventing possible abuse in accordance with Article 10.

Guarantee institution and its operation

Section 3 of the [Pay Security Act \(No. 866/1998\)](#). [authorities of the pay security system]

Sections 3, **paragraph 10**), 4, 5 and Chapter 2 of the [Act on Centres for Economic Development, Transport and the Environment \(No. 897/2009\)](#). [provisions on the activities, organization and management of the Centres]

Section 31 of the of the [Pay Security Act \(No. 866/1998\)](#). [financing of the pay security system]

Chapter 3 of the [Pay Security Act \(No. 866/1998\)](#). [application for pay security and the processing of applications]

Chapter 4 of the [Pay Security Act \(No. 866/1998\)](#). [decision on and payment of pay security]

Chapter 5 of the [Pay Security Act \(No. 866/1998\)](#). [repayment of claims paid as pay security]

Sections 1 to 8 of the [Pay Security Act \(No. 866/1998\)](#). [additional provisions on the operation of the pay security system]

Sections 1 to 9 of the [Pay Security Decree \(1276/2009\)](#)

Sections 2, 29 and Chapters 3, 4 and 5 of the [Seamen's Pay Security Act \(No. 1108/2000\)](#).

Sections 1 to 8 of the [Seamen's Pay Security Decree \(No. 1277/2009\)](#).

Prevention of abuse

Section 8 of the [Pay Security Act \(No. 866/1998\)](#). [situations in which the pay security can be refused, taken under consideration or limited]

Section 29 of the [Pay Security Act \(No. 866/1998\)](#). [undue pay security benefit]

Section 30 of the [Pay Security Act \(No. 866/1998\)](#). [penalties]

Chapter 6 of the [Pay Security Act \(No. 866/1998\)](#). [court proceedings relating to pay security]

Section 9 of the [Pay Security Decree \(No. 1276/2009\)](#). [tripartite advisory board on pay security]

Sections 7, 27 and 28 and Chapter 6 of the [Seamen's Pay Security Act \(No. 1108/2000\)](#).

Section 9 of the [Seamen's Pay Security Decree \(No. 1277/2009\)](#).

When the legal provisions designed to prevent pay security abuse were drafted, negotiations were held with central organizations representing employers and workers. [Source: Government report on C173, received in 1996]

Protection of workers' claims by insurance companies

No such insurance schemes exist in Finland. [Source: Government report on C173, received in 1996]

Amendments on the reporting period

The Act (1157/2016) amending sections 5, 8 and 28 of the Pay Security Act (1557/2016), entered into force on 1 January 2017. Section 8, subsection 1, paragraph 4 was amended as follows: For a justified cause, the pay security authority has the right to refuse pay security or take the amount of pay security to be paid under consideration if: the employee continued in employment even after the employee must have known, due to failures of wage payment, that the employer was unable to pay wages. Section 7 of the Seafarer's Pay Security Act (1108/2000) was amended correspondingly.³ The amendment clarified the basis on which an employee must be considered to have become aware of the employer's inability to pay future wages.

ELY Centre

At the beginning of 2016, pay security matters were consolidated in the Uusimaa Centre for Economic Development, Transport and the Environment (ELY Centre). The purpose of consolidation is to standardise and shorten pay security processing times as well as improve the efficiency of the pay security procedure. All pay security matters in Finland are handled in the Uusimaa ELY Centre.

Referring to the question on article 10, pay security legislation is drafted on a tripartite basis, in collaboration with the organisations representing the interests of employers and employees. The Government has appointed a tripartite Advisory Committee on Pay Guarantee Matters to monitor the functioning of the pay guarantee system and to make initiatives and proposals in matters related to pay guarantees. The committee also issues opinions on matters of fundamental importance for managing pay guarantee affairs.

Supplementary pension benefits based directly on the supplementary pension system and employer's insolvency

The Act on Safeguarding Direct Pension Promises in the Event of Employer Insolvency (209/2015) entered into force on 1 April 2015. The law seeks to improve the protection of workers who are legally entitled to a supplementary pension. The law obligates employers to safeguard a portion of any pensions promised to their employees and to keep beneficiaries informed of their pension rights.

An employer may have promised an employee supplementary pension benefits to be managed and paid by the employer. The employer has a duty to safeguard at least half of the supplementary pension corresponding directly to the amount of supplementary pension arrangement in case of the employer's bankruptcy or company reorganisation. This duty is called the safeguarding obligation. An employer may enforce the safeguarding obligation by taking out an insurance policy, by depositing collateral or by some other comparable way.

Article 12 of Convention No. 173: *Workers' claims protected*

Implementing measures

Please check if the information in the box below is up-to-date; if not, please update the text.

Application of ratified Conventions on wages by FINLAND

Section 4 of the [Pay Security Act \(No. 866/1998\)](#). [workers' claims payable as pay security]

Section 5 of the [Pay Security Act \(No. 866/1998\)](#). [prescribed period for workers' claims to be paid as pay security]

Section 17 of the [Annual Holidays Act \(No. 162/2005\)](#). [holiday compensation at the end of the end of an employment relationship]

Sections 3 and 4 of the [Seamen's Pay Security Act \(No. 1108/2000\)](#).

Pay security covers normal payments plus all increments and increases, annual holiday pay and compensation, return-from-holiday bonuses, pay during notice periods and pay during waiting time. Finnish labour legislation does not require the employer to pay severance pay due to workers upon termination of their employment [Source: Government report on C173, received in 1996].

Under section 4 of the Pay Security Act (866/1998) and section 3 Seamen's Pay Security Act (1108/2000), where the grounds and sum have been established, claims of an employee referred to in the Employment Contracts Act and in the Seamen's Employments Contracts Act arising from an employment relationship are payable as pay security.

In addition to the abovementioned payments, pay security covers compensation inter alia for shortened working time (days off in lieu of shorter working hours), tool and travel expenses, daily allowance, compensation for damage based on an employment relationship and working time bank claim. The above mentioned list is not exhaustive. All claims arising from an employment relationship that the employer would otherwise be obligated to pay to its employees may be paid as pay security. Where claims other than those mentioned above are concerned, the preconditions for the payment shall be decided on a case by case basis.

The Act on amending sections inter alia sections 5, 8 and 28 of the Pay Security Act (1552/2015), entered into force on 1 January 2017. Section 5 of the Act was added a new subsection 2. An agreement on deferral of the due date of a claim binds the pay guarantee authority if it is concluded before the due date of the claim, and is binding in the relationship between the employer and the employee. It is further required that the agreement has been concluded in writing, or that deferral of the due date is otherwise verifiable.

Article 13 of Convention No. 173: Possible limitations

Implementing measures

Please check if the information in the box below is up-to-date; if not, please update the text.

Moreover, please indicate the manner in which the current maximum amounts of claims paid as pay security have been determined; please, specify the criteria used for this purpose.

Sections 9 and 9a of the [Pay Security Act \(No. 866/1998\)](#). [maximum amount of claims paid as pay security]

Sections 8 and 8a of the [Seamen's Pay Security Act \(No. 1108/2000\)](#).

The Ministry of Economic Affairs and Employment conducts annual reviews to determine whether the maximum amount of pay security payments is adequate. [Source: Government report on C173, received in 2011].

In 2021, the maximum amount of pay security was raised to EUR 19 000 from EUR 15,200 in order for it to better correspond with the current level of wages. The coronavirus epidemic was expected to increase solvency problems among companies, which in turn might have led to a growth in the number of employees applying for pay security and the amount of claims for it.

The Act amending section 9 of the Pay Security Act (1108/2000) entered into force on 1 July 2021. Under section 9 of the Act, the maximum pay guarantee for one employee based on work done for the same employer is EUR 19,000. An employee with claims based on a working time bank is however entitled to pay security corresponding to six months' wages or salary.

Application of ratified Conventions on wages by FINLAND

The Seamen's Pay Security Act (1108/2000) section 8 was also amended. The maximum amount of indemnity or compensation paid as pay security under that Act was increased to EUR 19,000 from EUR 15,200. The provision governing the maximum in the Seamen's Pay Security Act differs from that of the Pay Security Act. The Seamen's Pay Security Act provides for a maximum only in respect of compensation for damages and indemnity, and working time bank claims. The pay claims of seafarers, and accordingly the pay security claims of the government, have a maritime lien on the vessel, meaning that recovery by the government is well protected and it has not been necessary to lay down a maximum for pay security related to pay claims.

The starting point for determining the maximum pay guarantee is that it should normally guarantee the pay of an employee for approximately three months, holiday compensation, any holiday bonus and the pay for waiting days. This ceiling has been reckoned on the basis of the median and average earnings of full-time employees in the private sector. (Government proposal HE 88/2021 vp, p. 4) According to Statistics Finland, the median earnings of full-time monthly wage and salary earners in the private sector were EUR 3,435 and their average monthly earnings were EUR 3,832 in 2020. The median monthly salary of a full-time employee working in the private sector is EUR 3,350. Dimensioned on the foregoing basis, the pay guarantee should protect employee claims of EUR 17,105 if the pay is based on the median salary of employees in the private sector. Reckoned from the average monthly salary of a full-time employee (EUR 3,764), this would amount to EUR 19,118. Claims may differ from the foregoing to some extent in practice, depending on such factors as the employee's holiday entitlement and holiday bonus.

PART II: Application of the Convention in practice

In so far as it has not already been supplied in reply to other questions, please provide information on the practical application of the Convention concerned (for example, copies or extracts from official documents including inspection reports, studies and inquiries, statistics); please also state whether courts of law or other tribunals have given decisions involving questions of principle relating to the application of the Convention concerned. If so, please supply the text of these decisions.

Supreme Court

Judgement of the Supreme Court 2017:94

The entire staff of limited transport services company A had been transferred to limited company B, which had leased the staff back to limited company A as its sole business operation. The transport vehicles and contracts remained in the name of A. Both companies were owned and controlled by the same person. The operations of company B had been loss-making from the outset. The employment claims of employees of company B were paid as a pay guarantee when company B was declared bankrupt.

Based on the criteria set out in a judgement of the Supreme Court, A was held liable for the pay guarantee claims of the government based on the principle of assimilation.

Insurance Court

Judgement of the Insurance Court, 19 May 2016/3942:2015

Through its representative, A transferred copyrights in acting work to a subscriber company. This was held to be a transfer of copyright to an employer in return for remuneration. The compensation was not based on work done in an employment relationship, but constituted compensation for a transfer of rights separate from the employment relationship. The copyright compensation claimed was accordingly not paid through the pay guarantee system.

Reform of pay security legislation

The Government has begun drafting legislation to reform the legislation on pay securities. The objective is to resolve issues related to the coverage of the pay security, and to enhance official access to information. The proposed amendments also seek to accelerate the procedure for guaranteeing wages, combating the grey economy, and improving the status of victims of serious labour exploitation.

The proposed amendments would primarily concern the conditions under which the pay guarantee could be granted on the basis of a default judgement and a conciliated settlement confirmed by the court. Default judgements and conciliated settlements confirmed by the court are problematic from the point of view of pay guarantees, as they generally do not clarify the basis or size of the claims. The employer's obligation to provide information would be enlarged, with a facility of enforcement by imposing a conditional fine for non-compliance also enacted. The ability of public authorities to exchange information would also be improved.

The proposed amendments would also address the substantial underpayment associated with serious labour abuse. Victims of serious labour abuse would benefit from a prolonged period of eligibility for submitting pay guarantee claims. Employment claims falling due within the six months before employment ends could be payable under the pay scheme. Eligibility for the pay guarantee would continue for three months after employment ends. A pay guarantee must normally be requested within three months of the due date of the claim.

A consultation round on the Government proposal to reform pay guarantee legislation is scheduled for summer 2022, with a view to submission to Parliament in autumn 2022. The statutory amendments are expected to take effect on 1 January 2023.