



Living with Hard Times
How Citizens React to Economic Crises and Their Social and Political Consequences

Integrated report on policy responses to crises
(Deliverable 2.4)

WP 2: Policy responses to crises

Workpackage Leading Institution: UU

Submission due date: September 2014

Actual submission date: November 2014



Table of Contents

Executive summary	4
Introduction	6
PART I: integrated report.....	7
1. Labor policies	10
1.1 Minimum wage and vacation	10
1.2 Dismissals	13
1.3 Unemployment insurance	16
1.4 Retirement.....	19
2. Health services and care of disabled people	20
2.1 Sickness benefits	20
2.2 Healthcare services	24
3. Social aid (poverty measures, tax policies, housing allowances).....	28
3.1. Poverty measures	28
3.2. Tax policies	29
4. Family policies and costs of education	30
4.1 Parental leave	31
4.2 Child allowances, child tax credits	34
4.3 Costs of education.....	35
Conclusive discussion	38
Bibliography.....	41
PART II: Country reports.....	44
France	44
Germany	129
Greece.....	166
Italy.....	195
Poland.....	229

Spain.....	282
Sweden	349
Switzerland.....	389
United Kingdom.....	439
Appendix: List of interview respondents	483

Executive summary

This report describes the policy changes that have followed the recent economic crisis in Europe. Particularly, it examines changes in labor, health-care, tax and social policies in nine countries of the LIVEWHAT project: France, Greece, Germany, Italy, Poland, Spain, Sweden, Switzerland and the United Kingdom during the period of the last ten years (2005-2014). The study is based on materials collected and summarized by all the nine partners of the consortium, though the final report and analysis is made by the Swedish team.

The analysis of crisis response indicates shifting patterns across countries. Expectedly, there are great differences between countries that have been more or less affected by the crisis. In Germany, Switzerland and Sweden the effects of the crisis, as well as the related policy changes, have been moderate. While France has not gone unscathed through the crisis its policy responses have not had a fundamental impact on labor market policy and social security systems. Both Poland and the UK have engaged in wide-ranging reforms to cut public spending. However, Poland has also taken steps towards a more inclusive welfare system, for example by introducing paid parental leave and more affordable childcare. At the far end of the spectrum we find Italy, Spain and most notably Greece. The reforms in Greece have been ‘all embracing’, leaving practically no section of society unaffected.

An important finding is that reforms of the welfare systems in these nine countries have generally been less comprehensive than might have been expected, especially in light of recent academic and public debates. Still, the welfare retrenchments that have been initiated and their possible effects on citizens must be understood in the light of changing structures on the labor market, namely the precarization of labor. Even slight changes in levels and conditions of eligibility for sickness and unemployment benefits will have potentially more palpable affects for a workforce that is increasingly less likely to be granted access to such systems. Hence, although the majority of the reforms directly worsened the situation of public sector employees, there are negative long-term impacts for those in the beginning of their labor career.

Another finding is that reforms adopted in the nine countries have in many cases no direct relationship to the recent economic crisis. Some reforms, in particular the changes in pension

systems, had been discussed for a long period of time before the crisis erupted in Europe. The crisis supplied an opportunity to adopt and implement such reforms as part of broader packages aimed towards decreasing debt and consolidating budgets even if the short-term gains of reforms to attain such goals are sometimes negligible. Similar patterns can be discerned in relation to systems of unemployment insurance and sickness benefits, the reforms of which in some cases were discussed long before the crisis erupted in Europe in 2008. Still, regardless the causes of the reforms described in this report, their negative impact on states' welfare systems require that many groups of citizens, particularly in Greece and Spain, need to look for alternative initiatives for enhancing their resilience.

Introduction

This integrated report summarizes the main findings of Work Package 2 of the LIVEWHAT project, focusing on policy responses to crisis. It consists of a comparative assessment of policy responses to crises based on national reports on policy changes in France (FR), Germany (DE), Greece (EL), Italy (IT), Poland (PL), Spain (ES), Sweden (SE), Switzerland (Swiss) and the United Kingdom (UK). The report covers the period from 2005 to 2014. The report builds on the analysis of policy documents and interviews with key informants like high level public officials. All countries in the consortium have provided data and are responsible for country reports presented in Part II, the integrated report has been written by the Swedish team: Ludvig Norman and Katrin Uba, Uppsala University. This report could be complemented by picture of changes of citizens' social and labor rights that is provided by deliverable 2.3 (Report on citizens' rights depletion).

The report focuses on five principal policy areas:

1. Labor market policy including minimum wages, dismissals, unemployment insurance and retirement.
2. Sickness benefits and healthcare services.
3. Social aid including poverty measures.
4. Tax policies.
5. Family policies including parental leave, child allowances and costs of education.

Particular issues of interest have been policies and regulations that affect citizens' everyday lives and were likely to be affected by the crisis. The policy changes discussed below do not measure the outcome of reform but provide an overview of changes in labor, healthcare and social policies. How the public reacted to these changes in public and private spheres will be examined systematically by subsequent Work Packages of the LIVEWHAT project. However, by setting the policy analysis in the context of previous research and in the context of elite interviews in the respective member states, some indications of effects can be discerned and can facilitate analyses in the coming Work Packages.

The report is divided into two parts. The first section of Part I provides a short overview of the changes in the European Union level policies as a result of the economic crisis of 2008. This is followed by the sections on labor, healthcare, tax and family policies and policies affecting the costs of educations. The conclusion of Part I summarises the main findings and sets them in the context of prior research on crisis-related welfare reforms. Part II consists of country chapters, which provide a more detailed picture of the policies and regulations summarised in Part I. Through the report, we refer to interview material by providing the name (abbreviation) of the country and the number of respondent (see list in Appendix).

PART I: integrated report

The crisis and the role of the EU

The presented policies should be seen in relation to the fact that all examined countries, except Switzerland, are members of the EU and therefore not fully independent in their reactions to the economic crisis. There is strong evidence to suggest that the role of the institutions of the EU and the European Central Bank (ECB) have been considerably strengthened in the wake of the crisis. Explaining whether this constitutes a desirable and/or necessary development or if this indeed risks having detrimental effects on democratic governance and the ‘European social model’ is beyond the scope of this report. However, there are important developments of EU cooperation, in particular as concerns the coordination of fiscal policies that can serve to put certain aspects of the findings of this report in their proper context, especially for those countries which are part of the Eurozone.

The first is the introduction of the ‘European Semester’ in which the Member states coordinate the budget year, so that the discussion and coordination of national budgets takes place in the spring and are adopted in the autumn. Other measures strengthen enforcement in cases of non-compliance with agreed decisions by bringing in sanctions at an earlier stage. The range of factors under surveillance is also broadened. A rather intrusive recent measure concerns the establishment of a common budgetary timeline (complementing the European Semester) which would also involve the examination of draft budgets, and when not deemed in-line with agreed upon rules, demands for presenting a revised budget (Buti and Carnot,

2012:908). Other measures which are included in the so-called fiscal compact contains three main elements. Firstly, the direct transposition of agreed fiscal rules in to national legislation. Secondly, reversed qualified majority voting for the initiation of Excessive Deficit Procedure (EDP). This means that procedures to impose sanctions in cases of non-compliance will be taken semi-automatically. Decisions in the European Council on sanctions in cases of excessive deficits will be adopted unless a qualified majority opposes the decision. Thirdly, the agreement concerns ex ante co-ordination of economic reforms to coordinate economic policy (25 contracting parties).

The assessments of the EU's role in European financial and economic governance tend supply radically different views on the impact of the EU on the crisis policies of European countries. Its impact on European fiscal policies, and by extension on European social models, remain a widely debated issue among researchers. Some argue that the EU has reinforced an ongoing process of the necessary restructuring of European economies and fiscal policies. Others have voiced concerns regarding the lack of democratic accountability in this process and that this restructuring has reinforced the erosion of European social models. It remains clear that many European states have gone through wide-ranging and often painful reforms in the wake of the crisis. However, the portrayal of the EU, and in particular the European Commission, as a champion of austerity policies does not necessarily provide an accurate image of its actions or the general rationales through which it operates.

A first problem with this image is that it hides the fact that important decision-making competencies relating to labor market policy, social insurance systems and the organization of educational systems still remain with the Member States.¹ Through its *Country Specific Recommendations* the Commission identifies areas which it perceives as being possibly problematic,² such as labor market regulations that might skew certain the labor market by promoting certain forms of employment. An example has been recent criticisms aimed at the widespread use of so-called 'mini jobs' in Germany.³ Regarding labor rights, it can also be noted that the Commission has threatened to take Sweden to the European Court of Justice for

¹ Interview with Commission official, DG EMPL.(Germany).

² It should be noted that for 'programme countries', such as Greece, the Commission does not produce Country Specific Recommendations since the policy directions are already spelled out in the Memorandum of Understanding.

³ Interview with Commission official, DG ECFIN (Germany).

being too lenient on the abuse of temporary employment contracts. However, in many cases the decision-making competencies to instigate reforms remain with the member states.⁴ In this context it is important to note that while the EU certainly plays an increasingly prominent role after the crisis, especially in the Eurozone, the particular answers to the financial and economic crisis of recent years was also connected to shifts in governments from left to right in many European states during the years 2004-2010 As some researchers argue:

The crisis that unfurled in 2008 thus made its appearance at a point in time when the attempt to build a strong European social dimension was being increasingly firmly opposed by the right-wing governments coming to power. (Pochet and Degryse 2013:109)

Parts of the European Commission, and in particular the Directorate General for Economic and Financial Affairs (DG ECFIN), are primarily focused on furthering competitiveness and growth. However, there are signs which indicate that the social dimension of, for instance, labor market issues are increasingly becoming part of the political discourse on this level.⁵ Recommendations regarding the need for affordable childcare have for instance been directed by the Commission to Poland. This change might perhaps be more incremental and there are some who express doubts regarding the depth of this redirection.⁶ It can also be stated that the promotion of the Commission of an issue such as affordable day care has more to do with the extent to which the lack of access impede participation on the labor market rather than a wide-ranging commitment to a comprehensive welfare state.⁷ Nonetheless, there seems to be an increasing recognition of the considerable overlaps between competitiveness, growth and issues such as inequality, the asymmetrical impact of the crisis on different social groups, and poverty reduction.⁸

Another, aspect of the EU's impact on national policies in crisis is the use of structural funds, such as the European Social Fund (ESF). In some countries, for example in Germany or Sweden, the fund primarily plays the role of supplying the opportunity to test new programs

⁴ Interview with Commission official, DG ECFIN (UK).

⁵ Interview with Commission official, Cabinet of Commissioner Andor, Interview with official of the European Commission, DG EMPL (Germany).

⁶ Interview with Commission official, DG EMPL (Sweden).

⁷ Interview with Commission official, DG ECFIN (Poland); Interview with official of the European Commission, Cabinet of Commissioner Rehn.

⁸ Interview with Commission official, DG ECFIN (UK).

that cannot be fully funded in municipal budgets.⁹ In other countries, such as Greece, it has more or less supplanted the funds that would normally be taken out of the normal state budget to initiate reforms.¹⁰ Somewhat paradoxically then, in certain instances the ESF, an EU fund, has been employed to fill gaps created by the austerity policies aimed towards cutting expenditure on public administration imposed by the Troika. The ESF itself is however not designed as a crisis measure but is regulated through multi-annual programmes that set the framework for the fund during the coming years. The calculations on which funding for different member states are determined were also based on pre-crisis figures, which will have the effect that a country like Greece will receive less funds in the period 2014-2020 than it did under the previous multi-annual program.¹¹

1. Labor policies

Labor market policies are divided here into four main areas: wage (minimum wage) and vacations, rules for dismissals, retirement, and unemployment benefits. The following overview points out the major differences or similarities across the countries, as well as discussing the changes in respective policy areas since 2005. The following analysis does not focus on the issue of labor immigration policies, as there are many research projects studying this issue (e.g. BEUcitizen).

1.1 Minimum wage and vacation

Some of the countries studied apply national minimum wages while others rely on collective agreements for setting wages. In Sweden, Italy and Switzerland¹² there is no regulation of the law concerning minimum wage. Instead, wages are regulated through collective agreements with trade unions, in particular sectors of the labor market. The reluctance to introduce minimum wages in these countries has been associated with fears that such levels would be lower than minimum wages established through collective agreements in individual professional sectors. Greece introduced a national minimum wage in 2012. It is estimated that this entailed a general decrease of minimum wages by 22% and a 32% decrease for

⁹ Interview with Commission official DG EMPL (Germany); Interview with Commission Official, DG EMPL (Sweden); Interview with official of the Swedish Employment Agency.

¹⁰ Interview with Commission official DG EMPL (Greece).

¹¹ Interview with Commission official DG EMPL (Greece).

¹² With the exception of two cantons.

employees under the age of 25 (Avram et al., 2013; Zambarloukou, 2014).¹³ However, whether or not minimum wages are seen as a viable option among the actors on the labor market is highly dependent on the wage-setting structures already in place.

Table 1.1 Minimum wage, vacations and changes in these regulations

Country	Minimum wage as % of median wage (2012)¹⁴	Vacations (minimum no. of days for full-time employees)	Changes
France	62%	30 days/year plus holiday allowance	No
Germany	(€ 8,50/h) 58% ¹⁵	24 days/year (including Saturdays). Most collective agreements allow more.	Minimum wage fully effective from 2016. Minor changes equalizing vacation days across age groups.
Greece	42%	24 days/year plus holiday allowances for vacations and public holidays.	2012: extended possibilities for employers to deny continuous days of vacation. 2013: Holiday allowances abolished for public sector employees.
Italy	No	28 days/year	2011: liberalization of opening hours for private businesses.
Poland	47%	20 days/year plus holiday allowances in companies with more than 20 employees.	2011: minor change of employers' compensation for public holidays.
Spain	44%	30 days/year	No direct changes of minimum wage and vacations. Minimum wage practically frozen since 2011. Proportion of minimum wage earners has doubled to over 12% since 2004.
Sweden	No	25 days/year	2010: calculation of vacation for long term ill restricted to one year (previously two).
Switzerland	No	24 days/year	No
UK	47%	28 days/year	2014: employer can choose to include bank holidays as part of a worker's statutory annual leave.

¹³ Avram, Silvia et al., 2013. 'The Distributional Effects of Fiscal Consolidation in Nine Countries', Euromod Working Paper No 2/13, pg.35.

¹⁴ Source: <http://stats.oecd.org/Index.aspx?DataSetCode=RMW#>.

¹⁵ No data on relation to median salary for 2012. Estimations put the German minimum wage at 58% of the median. <http://online.wsj.com/news/articles/SB10001424052702304026304579452843363960958> .

In Germany, minimum wages were a long-standing issue fought for by unions. In spite of initial opposition from business organizations, Germany approved its first ever minimum wage in 2014 at €8.5 per hour. It is sometimes argued that in contexts where trade unions are relatively weak, the rules of minimum wage could be beneficial for workers, an argument that accompanied the introduction of minimum wage in the UK, for instance. Some organizations have highlighted however that the UK minimum wage, while adjusted upwards in absolute terms, has in fact barely kept up with inflation in recent years.¹⁶ Across the countries applying rules for minimum wage, no significant changes have been observed from 2005. Most of the countries have exhibited weak or in some cases negative developments of minimum wages in recent years, however with the exception of Greece, changes have not been dramatic in either direction. In terms of the levels in relation to the average adult wage earners France stands out. Minimum wages in Poland, Greece, Spain, and the UK are equal to between 43% and 47% of the median wage which is significantly lower to the French minimum wage at 62% of the median.¹⁷ France recently received criticism from the European Commission for its plans to further augment the minimum wage.

As for policies regarding vacations, with the exception of Greece, there have not been any significant changes in these countries. Greek government officials point out that there has been a general trend of weakening the importance workers' institutions (EL 3 and EL 4). In relation to this general flexibilization of the labor market, employers can since 2012 deny continuous days of vacation and vacation during specific times of the year, such as during the summer (EL 2). Special allowances for Christmas and Easter holidays were reduced in 2011 and were completely abolished for public sector employees in 2013 as part of cutting costs for public administration. Legislation designating Sunday as a day off has also been abolished. In Italy, recent proposals to reduce the number of public holidays met with significant dissent and were subsequently withdrawn. In 2011, however, the opening hours of shops were liberalised enabling private businesses to remain open during public holidays. In Germany minor changes have occurred, especially as part of efforts to equalize the number of vacation days of public sector employees in different age groups. Poland in 2011 saw a slight alteration of employers' compensation for public holidays. In Spain, Switzerland and the UK there have been no significant changes regarding vacations during the period studied. Sweden reformed

¹⁶ http://resolutionfoundation.org/wp-content/uploads/2014/03/More_than_a_minimum.pdf.

¹⁷ <http://stats.oecd.org/Index.aspx?DataSetCode=MIN2AVE>.

its legislation regarding vacations in 2010 restricting the vacation rights for employees who are ill in the long-term. Apart from the minimum number of vacation days afforded to employees most countries also apply rules which give additional vacation rights based on age and length of employment. In sum, as a general characterization, with the exception of Greece, little or no changes to vacation rights and minimum wages have been enacted in the wake of the crisis.

1.2 Dismissals

Rules and regulations of dismissal are often seen as under threat at the times of economic decline, and the flexibilization of labor is indeed a recurrent feature among those countries hit hardest by the crisis. Greece, Spain and to some extent Italy have all enacted reforms since 2008 which have made it easier for employers to terminate contracts with redundant workers for economic reasons. With the exception of these countries initial responses to the crisis were characterized by counter cyclical measures where the threat of dismissals was countered by different forms of subsidies to enable companies to retain their workforce or by programs aimed at assisting newly unemployed workers to find new employment. In countries such as in Poland and more recently Switzerland some social programs were introduced for dismissed labor. Similarly, in Sweden, access to labor market programs were slightly widened, after the introduction of wide-ranging restrictions in 2007. This slight reversal was motivated by the need to also include those recently unemployed as a consequence of the crisis, and as one official stated, to meet those losing their jobs and making them ‘turn in the doorway’ back into employment (SE 1). In Switzerland, Sweden, Germany and Poland no significant labor market reforms were enacted to respond to the crisis. Instead, targeted measures, often in terms of extensions of already existing programs were implemented to deal with the situation. Efforts in Sweden and Germany could be characterized as slightly counter cyclical with decisions to expand rather than to contract public spending to deal with the immediate effects of the crisis. At least temporarily, labor market programs were widened to deal with dismissals, whether in the form of education or job seeking assistance programs. In contrast, more wide-ranging liberalization reforms have in Greece and Spain resulted in a decline of the compensation for those who are dismissed. Rules regulating dismissals have been relaxed in both countries making it easier for employers regulate the size of their workforce to fit fluctuations in demand.

In several of the countries, immediate reactions to the crisis took the form of measures which channelled state subsidies to companies to ward off wide-ranging dismissals as market demand fell. Several German officials pointed to the importance of the long-standing Short Time Work (STW) scheme as an effective tool both to keep down dismissals but also to retain the capacity to meet the increasing demand once the economy was starting to recover (DE 12). In light of the effectiveness of the scheme, it attracted a great deal of external attention from other European countries and beyond (DE 13). A variant of the STW was also 'imported' to Sweden in the wake of the crisis but has yet to be activated (SE 1). In Italy, redundancy funds similar to the STW can be activated in cases where companies experience a severe downturn in production which would otherwise lead to wide-ranging dismissals; no significant changes of this system have occurred in recent years.

In Poland, an amendment to the Labor Code aimed to increase the flexibility of working time to enable firms to adapt to changes in demand (PL 1). Changes in Poland also included a guarantee of receiving a salary equal to at least the minimum wage even if there are not enough tasks to fulfil the full number of hours of a contract during a particular month, and the possibility for employers, since 2013, to calculate working time during an extended one year reference period (Poland 2). While the STW scheme enjoyed broad public support in Germany (DE 1; DE 5; DE 6; DE 9), the 'flexibilization' of working hours in Poland was contested by workers' organizations who instead argued, unsuccessfully, for subsidies to protect insolvent companies against enacting dismissals (PL 1). The German STW enjoyed broader public support also among the social partners (DE 5; DE 6; DE 9). However, the social partners were less involved than usual in devising the crisis response. For instance, the trade union congress (DGB) and the employers' association (BDA) were not invited to participate. The German government instead invited the most important companies to discuss how to handle the crisis (DE 1). Italy also operates a system whereby employees in companies facing declining demand can receive a portion of their salary during a limited period of time instead of being dismissed from the company.

If the STW can be seen as an effort to retain the competitiveness of companies while also including social measures aimed towards those in danger of losing their jobs, reforms in Greece, Italy and Spain and have generally been geared towards facilitating the termination of employment contracts. Reforms in Greece have been enacted which make it easier for

employers to adjust the working hours of employees to fit demand, for example by placing employees on inactivity with half pay up to three months per year (EL 1; EL 2; EL 5). Eligibility for severance pay upon dismissal has also been more restrictive, since 2010 excluding those who have been employed for less than 12 months. Efforts have also been made to facilitate the dismissal of public sector employees who were previously protected by law against dismissal, again in line with the streamlining of the Greek administrative apparatus. As one Greek government official stated, the intensification of social problems associated with the reduction of labor costs are undeniable. Most importantly, the reforms failed to tackle unemployment, which increased due to the fact that together with the reduction in wages, demand in the market also reduced, thus limiting job creation (EL 4). In Italy there has also been a movement towards deregulation on the labor market concerning rules for dismissals, placing the burden of proof regarding the lawfulness of dismissals on employees rather than on companies. In Spain, 2010 and 2012 saw important labor market reforms, including changes in regulations regarding collective bargaining with the aim of bringing wage developments closer to the actual levels of productivity. Reforms also allow companies more leeway in using internal flexibilization measures as an alternative to dismissals. Companies are now able to unilaterally change working conditions, such as hours of work, shifts, the amount of salaries and functions when there are proven economic, technical, organizational or production reasons. At the same time, regulations regarding dismissals for economic reasons have also been relaxed and rules for severance pay have been made less generous for employees. In the UK, unfair dismissal rights were *weakened* as the length of required work at a company before an employee could claim for unfair dismissal was extended from one to two years in 2012.

In sum, there is considerable variance in the extent to which the burden of flexibilization has been placed on individual employees. In some contexts, in particular in Germany, the STW scheme has been complemented by labor market programs and has also broadly been viewed favourably. In Sweden, collective bargaining on wages and temporary reduction of working time was used to deal with dips in demand following the crisis, also accompanied by more funds being channelled to labor market programs. Elsewhere, more structural reforms have been enacted, often without complementary measures, in which case the burden of the crisis has fallen more heavily on individual employees.

1.3 Unemployment insurance

The insurance systems for unemployment vary across countries and in times of crisis such systems tend to experience additional strain. However, while wide-ranging reforms have indeed been enacted in some countries they have not necessarily been prompted by the crisis. In Germany, Sweden, Switzerland, Italy and the UK no wide-ranging reforms were enacted in relation to unemployment benefits or services to the unemployed specifically as a response to the crisis. However, in Switzerland a major reform of the unemployment insurance law was enacted in 2011, introducing among other things stricter eligibility criteria for unemployment benefits. Significant reforms were enacted in Swedish unemployment insurance in 2007 with increasing membership fees, reduced compensation levels and stricter eligibility criteria. While the majority of these reforms remain, some relating to the funding of unemployment insurance were later reversed as unwanted aspects were becoming evident, especially the significant rise in uninsured workers. These reversals were one of the most important issues for the labor organizations (SE 1; SE 2). However, the Swedish reforms preceded the crisis and the Swiss reforms of labor market policy were not initiated as a crisis response but as a part of longer-term reforms of the labor market policy (Swiss 1). The same goes for France, where reforms were enacted in 2003 that among other things reduced the maximum duration of unemployment benefits from 30 to 23 months. A slight widening of the Italian unemployment insurance was enacted in 2012 to also include freelance workers on project-based contracts.

In contrast, in Greece successive wide-ranging restrictions on the availability and levels of benefits have been enacted as part of the crisis measures imposed on the country to reduce public spending (EL 1). The most important measure which has had a negative impact on unemployed is the reduction of the basic unemployment benefit from €461 to €360 in 2012 (i.e. 22%), and the abolition of all special allowances added to this since 2013. Furthermore, eligibility criteria have been restricted, mainly due to the establishment of a ceiling on the benefit of nine months (450 days) of payment for a four-year period and eight months (400 days) of payment since 2013 and 2014 respectively. Notably, public sector employees are not eligible for unemployment benefits. Before the crisis, the exclusion of Greek public sector workers was not perceived as a problem since dismissals in the public sector were highly unusual. However, in light of the radical cuts and reorganization of the public sector in recent years this situation has changed. More generally, important changes have been imposed by

Troika through the Fiscal Adjustment Program, an important aspect of which is generalized wage reduction with the aim of making the economy competitive. These policies adopted were not a matter of choice as much as a matter of enforcement, as one Greek government official stated, “based on a rationale of adjustment not improvement” (EL 4). As another Greek government official stated, everybody is negatively affected by the reforms introduced during the crisis; complaints and disappointment are generalized. Rights are becoming more exclusive and the means of the welfare state to fight inequality and protect citizens are reduced (EL 1).

Spain is also a country which, as part of further measures aimed toward budget consolidation, has introduced changes in unemployment benefits. A central aim of the 2012 labor reform was to rationalise unemployment insurance by improving targeting and conditionality. The threshold of the benefit was reduced from the seventh month to 50% of the last salary, reducing it 10 points from a previous 60% level. Additional obligations and control measures were also imposed on job-seekers since August 2013 for receiving payments. Poland, while largely maintaining eligibility criteria and benefit levels, saw a decrease in parts of the unemployment benefits concerning those living in areas with high unemployment. As part of efforts to decrease the budget deficit in Poland, the budget for services aimed at the unemployed was reduced by more than 50% in 2011 and a significant part of the Labor Fund was temporarily frozen.¹⁸ In Sweden and Germany, services for the unemployed were slightly expanded in relation to the crisis in 2008 and 2009, and in Germany also with the use of ESF funding.

The Italian unemployment insurance systems have not been dramatically reformed. Income-based insurances exist and have even in some parts become more generous in recent years, both as regards duration and compensation levels. There are also ‘mobility allowances’ paid to redundant workers under certain conditions. However, Italy serves as a clear example of a general European trend where social insurances, while remaining more or less stable, or in some cases becoming more generous, fail to cover an increasing portion of the workforce. This is due to the high proportion of temporary and freelance type contracts which often do not meet the criteria for access to benefits. In Italy, where this is a prominent feature of the

¹⁸ The Labor Fund is a public fund to finance unemployment benefits and ALMP, based on employers’ mandatory contributions (2.45% of a salary) and national budget subsidies.

labor market, especially for young people, small steps were taken in 2012 to include freelance workers in the unemployment insurance system.

The findings in the field of labor market policy indicate that reforms in some countries have been enacted to facilitate dismissals and limit access to unemployment benefits. Unsurprisingly, such measures have been most severe in Greece and Spain. The UK has also enacted budget cuts across the public sector in the wake of the crisis, alongside policies that seek to reduce expenditure on social security such as increasing the conditionality criteria of unemployment benefits. However, the move towards limiting access to benefits and labour market programs and the generally weak standing of unions and labour organizations on the UK labour market preceded the crisis. Similar to Sweden, in the UK targeted measures have been introduced to curb youth unemployment (UK 4). Italy has exhibited a dual movement in the sense of increasing pressures to include parts of the labor force that has hitherto enjoyed little or no benefits, while at the same time pushing for a liberalization of the regular workforce. The developments in Italy should also be understood in light of the previous radical deregulation of the labor market that occurred since the late 1990s, and a current situation where significant parts of the labor force under the age of 35 are working in temporary contracts.

The general trend in all nine countries is that the reforms enacted have, irrespective of their relation to the crisis as such, had as their aim the flexibilization of the workforce often in a way where the burden of reforms has been placed on the employee side rather than on the side of businesses or indeed the state. This has been the case in Sweden, Switzerland, the UK, Poland, Germany, France and Italy. Whereas some countries, notably Germany, Sweden and to a limited extent Poland and Italy, digressed slightly from this path in their immediate responses to the crisis by reintroducing some services for unemployed, the overarching and pervasive development indicates a movement away from a rights-based understanding of labor market relations, to one where competitiveness and growth is achieved by narrowing the distribution of such rights. As one Swedish government official stated, after the most immediate and palpable effects of the crisis had been addressed, the government has tried, with varying success, to roll back the measures introduced due to the crisis (SE 4). This was also largely the case in Germany.

Thus, while the expansion of rights has occurred in certain areas in some countries, the central logic of large-scale reforms in labor market policies across the countries studied is one of promoting increased competitiveness and growth rather than the widening of rights *per se*. Furthermore, as respondents in the UK point out, apart from the rising issue of job insecurity there has also been a fall in real wages, shifting the focus from unemployment to working poverty (UK 3; UK 4). Thus, even in those countries where anti-cyclical policies have been enacted, with at least temporarily increased public spending to meet the crisis, the prevalent trend points to an overall reduction in labor market programs and systems of unemployment insurance.

1.4 Retirement

The retirement age is increasing in all our examined countries, mainly due to the lack of funds in the pensions system, alongside general demographic trends towards falling birth rates and longer life expectancy in most European countries. Several important changes are worth mentioning in respect of changes in the size and the required period of employment before the retirement. Our goal here is not to describe in detail the complicated pension systems (one could see OECD reports for details), but rather to point out the general situation and major trends in the examined countries.

Significant changes in pension policies took place in France (2010-12), Germany (2007-9), Greece (2010-11), Italy (2011-12), Poland (2009-13), Spain (2011-13), Sweden (2011) and the UK (2011-12). In Poland, through the pension reform in 2009, approximately 900,000 people lost their right to early retirement (PL 3). The reforms limiting the possibility for early retirement were not prompted by the crisis *per se* but had been discussed since the 1990s and had been postponed for years (PL 3; PL 4). To the contrary, reforms to equalize and increase the retirement age were a result of the crisis in the sense that “credit rating and favourable pricing for national debt depended on this reform” (PL 3). This was also the case for the shifting structure of the financing of pensions strongly influenced by the European Union as part of reducing the budget deficit (PL 3).

Table 1.4: Pension reforms

Country	Age of retirement	Effect of reforms	Comments
France	62 (gradual rise since 2010)	Negative for many	Longer min. contribution period
Germany	67 (gradual rise since 2007)	Negative for a few	Early retirement cuts, 2014 including parental leave years
Greece	62-65 (gradual rise to 65)	Negative for many	New taxes have significantly reduced pensions (2010, 2011, 2012) and since 2013 the seasonal bonuses on pension payments were abolished. New method in the calculation of pension since 2011 with negative effects for most.
Italy	66 (men) 64 (women), gradual rise to 67	Negative for many	Early retirement cuts
Poland	65 (men) 60(women) (gradual rise to 67)	Negative for many	Early retirement cuts, longer minimum contribution period
Spain	Gradual rise from 65 to 67 (2011)	Negative for many	Early retirement cuts, much longer minimum contribution period
Sweden	65 (actual 64.5 due to early retirement)	Slightly negative for a few	Abolition of income-tax concessions for pensioners
Switzerland	65 (men), 64 (women)	Positive for a few	Support for low-income elderly
UK	65 (men) gradual rise 60 to 67 (women), later 68 for all	Negative for a few, positive for a few	Minimum years of contribution decreased (2007), increased (2013)

Hence, all countries except Switzerland and Sweden have adopted changes with negative effects for those who work today. Furthermore, the role of the EU was strengthened and that of unions' weakened in Greece, Italy, Portugal and Spain; the Southern EU states promoted the spread of private pensions and harmonised their fragmented public schemes (Natali and Stamati, 2014).

2. Health services and care of disabled people

2.1 Sickness benefits

In terms of the level of benefits, the time period during which benefits are paid, and the conditions for receiving benefits, the general picture seems to indicate that these aspects of the

welfare systems have been largely spared from wide-ranging cuts. While several systems have been made less generous, it seems as efforts of budget consolidation have not primarily targeted social insurance benefits *per se*.

Table 2.1: Sickness benefits and related reforms

Country	Sickness benefits compensation level/duration	Change in eligibility/levels	Comments
France	90% 30 days. 66% for an additional 30 days. Varies with seniority up to max. 1095 days (3 years). Maximum €42/day, employers often pay the difference to 100% for the first 3 months.	Minor changes regarding qualifying days since 2012.	Policies regarding qualifying days went back and forth from 2012 to 2014 ending up with 3 in the private sector and none in the public sector.
Germany	100% for 6 weeks. Then 70% for a total max. 78 weeks.	2009: temporary workers (up to ten weeks) excluded.	Temporary workers who do not receive sickness benefits are referred to the system for unemployment payment and receive benefits more similar to social aid.
Greece	A fixed amount paid by insurance according to wage class and the difference up to 100% of employees' monthly salary paid by employer up to one month. After one month sickness benefit paid by insurance at an increased rate for up to 182 days.	2009: 120 days of contribution in the previous year or in the last 15 months excluding the last quarter (before 100 days).	Special conditions apply on being eligible for sickness benefit for more than 182 days and up to 720 days. Employees who have worked for less than 10 days in an employee are not eligible for the sickness benefit paid by the insurance organization, neither for the employer's contribution (50% of daily wages).
Italy	50% for 20 days, 66.6% for the rest, until a maximum of 180 days.	Stricter controls on sickness leave for public employees.	
Poland	80% for max. 33 days/year paid by employer then sickness allowance at 80% for a max. 182 days.	2013 workers on 'mandate contracts' eligible. Equalized levels from 2014.	The equalization of compensation at 80% of salary negative for public sector employees (100% pre-2014).

Table 2.1: Sickness benefits and related reforms (cont.)

Country	Sickness benefits compensation level/duration	Change in eligibility/levels	Comments
Spain	100% 1-3 days paid by employer. 60 % 4 th to 20 th day. 75% for a total maximum of 365 days.	2012: more than 9 days absence due to sickness is cause for dismissal. Change in rights public/private sector.	Reforms aimed to curb expenditure and fraud was initiated already from 2005. Conditions differ for public sector employees across regional governments.
Sweden	80% paid for max. 364 days. 75% can be paid max. 550 days. Amount max. € 1990/month (2014).	2008: Time limits were introduced, and the maximum amount lowered by 25%.	Changes part of the political agenda of new government from 2006.
Switzerland	100% for the first 3 weeks. 80% for a maximum of 730 days. Duration varies across cantons length of employment.	No significant changes.	Sickness benefits are paid by employer.
UK	Flat rate benefit of € 110/week for max. 28 weeks.	2010; 2014 changes aimed towards getting employees back to work faster.	The benefit is equal to 17% of the median wage.

Germany and Switzerland do not exhibit any significant changes. As one German official stated, there were reforms in response to the crisis that could be characterized as harsh (DE 12). In Poland, minor changes were enacted in 2013 extending the eligibility to benefits to employees on ‘contract of mandate’, a type of contract used in Poland which for a long time afforded employees with limited social protection. In 2014, levels of sickness benefits were also equalized across professional groups at 80%, by decreasing the benefits of certain groups of public sector employees from 100%. In France there have not been any significant changes. A 2012 reform equalized the number of qualifying days for receiving sickness benefits between public and private sector employees. This was subsequently revoked in 2014, so that the qualifying days in the private sector were removed and were raised from one to three days

in the private sector. In Italy, several attempts have been made to more strictly control the sickness leave of public employees.

In Sweden, a major reform of the social security system was enacted in 2008; however, rather than a response to the crisis this was an integral part of the electoral platform of the center-right government elected in 2006. Principally, it introduced strict time limits, lower benefits and placed greater demands on individuals to shift into other professions if rehabilitation to regain their present employment exceeded six months. According to government officials, this also resulted in changing the tasks of the employment agency, now increasingly faced with a pool of clients with sometimes severe health problems (SE 3; SE 4). Certain reforms were later 'softened', especially in the wake of public debates and media reporting on cancer patients who had had their sickness benefits cut (SE 5; SE 7).

The UK stands out as the only country which applies a flat rate of sickness benefit, equal to about 17% of median gross weekly earnings for full-time employees. This can be compared to the UK minimum wage at 47% of the median wage. According to UK respondents, while there has not been any significant reforms in this system, there has been some extremely negative reactions in response to certain reforms following the crisis, especially among disabled people who have been hit by multiple cuts, the cumulative effects of which are still unclear (UK 2; UK 3; UK 4). In Greece the eligibility for sickness payment was made less generous in 2009. In order to be eligible for the benefit, employees must have completed 120 days of insurance contribution in the previous year since 2009, while before that, the eligibility criterion was the completion of 100 days of contribution in the previous year. The sickness benefit is paid from the fourth day of absence from work (i.e. for three days of sickness employee gets compensated only by 50% by the employer), and it is estimated on the basis of the wage class of the insured. The maximum period for the sickness benefit is 720 days for the same disease and 182 days for different diseases, (given that certain conditions are satisfied). However, somewhat counter-intuitively, the benefit levels in Greece have not been subjected to cuts, even if adjustments upward have been marginal. For example, the daily benefit paid by the insurance organization in the first 15 days (excluding three qualifying days) was roughly €14 in 2006 as compared to €16 in 2014. However, while benefit levels for those insured have not been subject to drastic cuts, the portion of Greek citizens without medical insurance have increased drastically during the crisis, among

unemployed but also among self-employed individuals who due to excessive debts have been excluded from social insurance funds (EL 8). Most countries, with the exception of Switzerland, impose a number of qualifying days, usually between one and four, during which no benefits are paid.

2.2 Healthcare services

All countries studied, with the exception of Switzerland and Greece, run public universal health insurances for care and prescription pharmaceuticals. The changes that have occurred primarily concern shifts in contributions for medicine. In Greece, reforms and significant cuts have also affected access to services, while six out of ten insured persons limited their use of health services because they could not afford co-payments (Petmesidou et al., 2014; Ifanti et al., 2013). In Poland, reforms have opened up for the privatization of hospitals. The effects of reforms primarily concern the organization of the provision of health services and are not necessarily affecting service recipients. Examples of effects are those connected to the shift in risk-taking, from the government to individual hospital units, as regards taking up loans. This reorganization was, according to an interviewee, indirectly caused by the crisis as it was a part of curbing public expenditure on healthcare, and because the transformation of hospitals into corporate units opened up for crucial contributions from EU funds (PL 5). Similar kind of process took place in the UK, where reforms of the Health and Social Care Act 2012 aimed to increase efficiency and the empowerment of patient choice, but were also claimed to increase the role of the private sector in providing healthcare.

In 2012, reimbursement for medicine in Poland was reformed to cut costs, introducing centralized negotiations between the Ministry of Health and the pharmaceutical companies. While certain medicines that had been heavily subsidised before became more expensive, other pharmaceuticals, especially those targeting more rare deceases, became less expensive and more accessible. In Poland, healthcare expenditure was also reduced with effects such as a stay in the program for mandatory vaccinations, and no salary increases for medical personnel in schools (PL 5). There have also been cut-backs in the administration of pharmaceutical policy in spite of new tasks (PL 6). In 2010, legislation was introduced to raise the salaries of healthcare workers, a reform which was, according to one Polish

respondent, in part triggered by a grassroots initiative by nurses to ameliorate the working conditions of nurses and doctors (PL 7).

Similarly, in Spain the contribution for pharmaceuticals by patients has been introduced from 2012, excluding vulnerable groups such as individuals with low pensions, unemployed people without benefits and those living on income support. Contributions are calculated on the basis of income, age and the extent of the disease. Reimbursements for medicine in Greece have been lessened since 2011, and the patient contribution for examination in public hospitals has been raised (from €3 to €5). Individuals who are registered in social insurance funds contribute as much as 25% and 15% of the total cost for medicines and 15% for clinical examinations respectively. Greek government officials point to the considerable challenges faced by Greek society, partly connected to a dramatic increase in the share of the population who are uninsured (EL 5; EL 8). This has also motivated the recent decree from the Ministry of Health which affords the uninsured care that only requires hospitalization, and not pharmaceutical care or other healthcare services provided to the insured (EL 8). There has also been a mass closures of hospitals, a lowering of the quality of services provided, and longer waiting lists for hospitalizations and surgeries (EL 6).

No significant changes have occurred in the systems for the provision of care in France, the UK, Germany, Sweden and Italy, all operating public universal health insurances with limited contributions by patients for care and medicine. In Sweden in 2013, access to subsidised healthcare was also extended to those residing irregularly in the country, on par with asylum seekers, and equal to Swedish citizens for children up to 18 years of age. In Switzerland, which operates a system based on private health insurances, no wide-ranging reforms have been enacted. However, measures have been introduced to limit the insurance premiums paid by low and middle income families. In 2005, birth centers were also included in the services reimbursed. The amount reimbursed for primary care was, however, lessened. Through a 2014 reform, pregnant women were made exempt from medical costs arising due to pregnancy from the thirteenth week of pregnancy to the eighth week of post-pregnancy.

If we examine the policies affecting care of the elderly, the picture varies considerably. In some countries such as France, Greece, Italy, Poland and Switzerland, families are expected to take much of the responsibility for the provision of elderly care. In France, the cost of

retirement homes is borne in full by the person receiving the services or alternatively by the person's family. The same applies in Italy, where only a small percentage of persons over the age of 65 reside in nursing homes. In Poland, nursing homes for the elderly are highly uncommon. People over the age of 75 receive a nursing supplement on their pensions. In Spain, residential elderly care is reserved for those who are incapable of taking care of themselves and there are long waiting lists to receive a place. Home care is becoming increasingly common in Spain. Generally, individuals' contributions for residential care amount to about 80-90% of pensions received. Privately run residential care services are also an alternative for the elderly but the costs of these often far exceed the average pension. Significant cuts in the system for the provision of care have taken place in Spain to meet EU requirements on fiscal reforms. In other countries, most notably Sweden and Germany, there is an established system of residential services for the elderly which is more heavily subsidised. In Switzerland, home care or care in a residential home is only covered by the statutory health insurance if prescribed by a medical doctor. There are also private insurances that cover costs for assistance, for instance with daily chores. Whether care is primarily administered in the home or a residential facility differs across different cantons.

Generally, services for the elderly are regulated by local authorities (canton, autonomous region, or municipality). Financial support is provided at different scales and in different forms: via work-related insurances as in Germany and to a certain extent Switzerland, nursing supplements for those who qualify require care and fully or partially public funded senior homes. Apart from Spain, no significant reforms have been directed at the provision of elderly care across these countries (UK). This finding should also be understood in view of the fact that countries such as Greece, Italy and Poland have only to a limited degree, even before the crisis, provided services such as residential care for elderly persons, with families playing a more important role.

As a general characterization, systems of sickness insurance have been left without fundamental reforms in the countries studied in the wake of the crisis. Eligibility criteria have in some countries, such as Greece, been made slightly more restrictive and levels have generally only marginally been adjusted upwards. Poland has moved towards an equalized insurance with uniform compensation levels across professional sectors which has entailed a decrease for certain sectors of employees. The reforms in Sweden were by some characterised

as a paradigmatic shift in policy towards a more restrictive regime, but were largely unrelated to the crisis. In the face of intense opposition, the government subsequently softened some aspects of the reforms, in particular those concerning those with serious and long-term illnesses.

The broader issue is rather that even if compensation levels and eligibility criteria remain more or less the same, the parallel restructuring of the labor market towards more temporary contracts, and slow and sometimes negative wage developments for certain groups, entail possibly detrimental effects for access to benefits and also on the level of the benefits paid. From this perspective, there is a risk that a growing portion of the citizenry will be unable to receive such benefits or that the benefits received will not cover subsistence levels. This risks in turn place pressures on other systems, such as poverty alleviation as well as potentially leading to increased costs related to the need to deal with social problems connected to poverty.

In terms of healthcare, services provided most countries among those studied do not exhibit any wide-ranging reforms. Spain changed eligibility conditions in 2012 lowering the minimum income to become insured in the non-contributory category and denied free healthcare to foreigners living illegally in the country. Patient fees for care and pharmaceuticals have in these countries remained largely constant during the period studied. Some countries have, however, reorganized the provisions of pharmaceuticals as part of reducing healthcare spending, which in some cases, such as Spain and Greece have led to increased contributions from patients. Poland reorganized its system of reimbursement but not primarily with the objective of curbing spending but to create a different structure for making pharmaceuticals available to the public. The most radical changes have occurred in Greece, where access to healthcare has been made increasingly restrictive in the wake of the crisis, partly due to the growing portion of the citizenry without adequate health insurance and partly due to the administrative cuts which have according to several respondents put considerable strains on the organization of healthcare provision affecting the quality of services and the waiting time for medical procedures (cf. Kentekelenis et al., 2011). Organizational strains on healthcare provisions have also been an increasingly prominent feature in Spain in the wake of the crisis.

3. Social aid (poverty measures, tax policies, housing allowances)

3.1. Poverty measures

Poverty measures vary greatly across countries and there are also very different traditions regarding how such aid should be organized. Such differences were also highlighted with the introduction of the new EU Fund for European Aid to the Most Deprived (FEAD), originally supported by France and also welcomed by many countries. The FEAD is supposed to help to provide material assistance such as food, clothing, shoes and soap for the most deprived. Reactions to the introduction of this fund were quite negative in Sweden since it was seen as breaking with its well-institutionalised, and often less intrusive, model for economic aid based on cash benefits (rather than food coupons, or concrete material goods), the use of which remains with the individual (SE 4; SE 19).

In contrast, Italy stands out as there are almost no explicit anti-poverty measures in this country. As a response to increasing problems due to the economic crisis, the ‘shopping’ or ‘social card’ was introduced in 2008. There also is a state solidarity fund (2013) and a social housing system (2014). In Italy, the social funds financing services provided by local administrations to vulnerable groups were subjected to severe cuts by more than 90%.¹⁹ Elsewhere, measures for poverty alleviation (social wages, basic income allowances) have improved: in Germany rent subsidies and heating allowances increased (200-2011), in Greece fuel, electricity and heating subsidies increased since 2013, and in Poland since 2012. There are no significant changes in Sweden, where the major measure is economic aid assisting those who are not eligible for sufficient aid from the social or unemployment insurances. These benefits are aimed towards those who lack income and other types of funds. There is also a considerably less restrictive housing supplement which is calculated on income. In Spain, the system of income support is related to the public budget at the region or local level and differs as to what services are available and the level of support. Similarly, in Switzerland the federal state is not involved in poverty measures but these are administered at the cantonal level. Even though in Greece the authorities stopped all housing-related auctions during 2014, the system of housing benefits for workers was stopped. In the UK, a rescue-scheme for home-owners was adopted in 2008, but this does not include any help for tenants. In Italy, a

¹⁹ These cuts included the fund for equal opportunities, the fund for youth policies, the fund for does not self-sufficient and the fund for the inclusion of immigrants.

plan to help low-income mortgage owners was introduced in 2009, but it was the initiative of banks rather than the state. Economic aid is generally limited to covering the absolute minimum subsistence level and as a general characterization the data indicate that poverty-alleviation related policies were not significantly reduced with the crisis. The exception among these countries has been the UK, where housing benefits have decreased since 2013. Also, reforms were made in the UK curtailing the ability for lone parents to receive income support. Previously, unemployed single parents were eligible for income support until their oldest child was 16. From 2012 single parents with a youngest child aged five or above will be unable to claim income support and will be expected to find employment. Moreover, the UK have introduced several innovative systems like benefit cap and welfare spending cap in 2014, which are expected to improve spending control, support fiscal consolidation, and ensure that the welfare system remains affordable. The real outcomes of these policies will appear in a few years.

3.2. Tax policies

Tax policies are only cursorily reviewed within the context of this report and the focus lies with significant changes in income tax levels and changes in VAT. In Greece, both types of change have been implemented, as income tax was increased (see also the part on pensions) and authorities also increased consumer taxes (VAT, energy) in 2005 and 2010 (Matsaganis, and Leventi, 2011; Matsaganis, 2013). Furthermore, numerous and radical changes in the tax system have been enacted in Greece during the crisis, with often highly palpable effects for individual citizens (EL 10). As one Greek government official states, public dissent as a response to the 2013 tax reforms, which increased the burdens of citizens towards the state, is expressed on a daily basis by individuals as well as associations (EL 11).

Italy also increased VAT and energy taxes (2011/12), and introduced tax bonuses for low-income workers (2014). Similar changes have taken place in Spain, where the VAT was increased and top income tax increased to 50%. These changes can also be understood, as Wang et al. (2012) have noted, as having limited redistributive effects, since increasing benefits in the social insurance system tends to have a much stronger redistributive effect than changes of the structure of the tax system. Poland also increased the VAT, but introduced exceptions for taxes on inheritance (2008). This could be seen as more useful for better off groups. Germany raised its VAT from 16% to 19%. The UK increased its top income tax rate

from 40% to 50% in 2009, a reform that was presented as an emergency response to the crisis and was subsequently reduced back to 45%. In 2011, VAT in the UK was increased from 17.5% to 20%. At the same time corporate tax was lowered (UK 5).

In Spain, a trend was initiated in 2007 where tax rates were raised and the tax system was made more progressive, ranging from 24% up to 47% for incomes exceeding €175,000. Reforms in 2014 are, however, set to reduce the overall progressiveness of the system. Sweden lowered its VAT in restaurants, aiming to encourage restaurants to employ more workers and thereby reduce high unemployment among the youth and newly arrived immigrants (SE 17). The inheritance tax was abolished in 2005 and the real estate tax was replaced by fees at the municipal level. Swedish taxes on wages have also been lowered markedly in successive steps since 2007. As one Swedish official stated, these tax cuts can even be seen as a relative cut in benefits since the gap between wage income and incomes incurred from benefits have been widened in recent years (SE 17). Tax cuts in Sweden were not related to the crisis but as one government official stated they were partly legitimized with reference to the crisis (SE 18), as forming part of strengthening incentives to work.²⁰ In 2011, a temporary tax called the ‘solidarity contribution’ was introduced in Italy. This 3% one-time tax on the share of income over €300,000 a year have been prolonged and is thought to be extended to 2016 and perhaps beyond. Recently, reforms were also introduced in Italy whereby employees with earnings less than €26, 000/year were given a tax bonus.

In sum, tax systems have been subjected to drastic reforms in response to the crisis in Greece and Spain, and to a lesser extent Italy and the UK. Sweden introduced reforms regarding income tax and VAT, but not primarily as an answer to the crisis. No wide-ranging reforms were initiated in France,²¹ Germany, Poland and Switzerland.

4. Family policies and costs of education

Family-related policies as discussed here encompass compensation for loss of income for parents who stay at home with children (parental/maternity leave), child allowances (means-tested or universal), and pre-school and primary education policies. We have also looked at

²⁰ The tax burden on wages in Sweden remains high in OECD comparisons but has decreased in the 2000s from 50,1 % in 2000 to 42,9 % in 2013. Source: OECD <http://www.oecd.org/sweden/taxingwages-sweden.htm>

²¹ France however recently introduced a 75% tax on high income earners.

the gymnasium and university systems, since these are important for affecting youth unemployment, as well as parents' economic situation.

4.1 Parental leave

Contrary to what might be expected in light of the general trend of making access to benefits more restrictive and less generous, parental leave policies have not been subjected to radical changes in most countries studied and have not been subjected to wide-ranging cuts as part of austerity measures. In some instances, notably in Spain, there have been some cuts in benefits. To the contrary, in other countries, reforms have sometimes had the aim of expanding eligibility. Poland introduced a system of paid parental leave in 2013 and Italy expanded the possibility to take parental leave to fathers. This change in Italy was however more symbolic than actually representing any wide-ranging reform.

Table 4.1 Paid parental leave, eligibility and length²²

Country	Eligibility	Fathers	Paid leave* (months: income)	Comments, changes
France	Any parent	Can share	3: 100% of wage, ceiling 6: 560 Euro/m	Increase by number of children (33 months if more than 2 children). In practice only 5% of parental benefits are paid to fathers.
Germany	Any parent	Can share, 2 bonus months	14: 67% of wage or 28: 33% of wage, ceiling	
Greece	Any working parent (differences for public and private sector)	Can share, 2 days paid by employer	Public: 12: 100% Private: 2:100% of wage 3: employer 6: minimum wage	Has breastfeeding & child-care leave for 30 months (means flexible/ reduced hours of work) or nine months paid parental leave.

²² Additional information on country comparisons could be found in Moss, P. (2014) International Review of Leave Policies and Research 2014, http://www.leavenetwork.org/lp_and_r_reports/

Table 4.1: Paid parental leave, eligibility and length²³ (cont.)

Country	Eligibility	Fathers	Paid leave* (months: income)	Comments, changes
Italy	Any woman	1 day compulsory, 1 month bonus	4: 80% 10:30%	Compulsory for 5 months
Poland	All insured parents (employees or social security)	2 weeks of paternity leave + 26 weeks of parental leave at 60% of wage	Mothers: 24: 80% fathers: 6:60%	Paid leave started in 2013; fathers can take a leave <i>only</i> after a mother takes and finishes maternity leave
Spain	All in social security registry & have worked some days	10 weeks shared with the mother	5: 100% of wage, ceiling	Many in temporary contracts do not get their contract renewed
Sweden	Any parent	60 days compulsory, equality bonus	13: 80% of wage, ceiling 3: 600 Euro	More flexible rules since 2010, 2012
Switzerland	Any employed woman insured under social insurance for the 9 months prior the birth and has worked for at least five months during pregnancy.	None	3.5: 80% of wage, ceiling	
UK	Employed women with salary more than £111 per week or those who worked 26 of 66 weeks before child-birth	Will have the right from 2015	1.5: 90% 8: 580 Euro/m	More flexibility from 2015

In Sweden, in spite of fundamental reforms to other parts of the social insurance system, parental benefits were left largely untouched. In both Germany and Sweden some reforms

²³ Additional information on country comparisons could be found in Moss, P. (2014) International Review of Leave Policies and Research 2014, http://www.leavenetwork.org/lp_and_r_reports/.

have also been implemented to make the outtake of parental leave more equal. In Sweden, an equality bonus on parental leave was introduced in 2008 for households where both parents take an equal amount of parental leave. Similarly, from 2007 in Germany, households where both parents share the parental leave were allotted two extra months of paid leave. Reforms are also underway in the UK to facilitate sharing of parental leave between parents.

In Spain however, economic incentives were removed in 2012 for the reinstatement of women on the labor market after maternity leave. Previously, employers were entitled a specific bonus in the form of a monthly €100 tax discount from the contribution base, for the effective reinstatement of women to work. In Greece, maternity leave is a benefit paid to women who have completed at least 200 days of insurance contributions in the two years prior to the expected delivery date. It is formed by contributions of the insurance organization, the employer and Manpower Employment Organization. It lasts 119 days (56 days before the expected date of childbirth and for 63 days following the birth of the child). Since 2007, maternity leave is increased by two months for the birth of the third child, while since 2008 maternity leave can be extended for up to six months (special maternity leave). Since 2014, fathers who are employed and whose wives are self-employed are also eligible for the right of reduced working hours. Other paid parental (i.e. both parents entitled to the benefit) leaves are: six-days parental leave for single-parent families (eight days for parents with 3 or more children), a paid parental leave of 10 working days per year, in cases of serious illness of the child and a paid parental leave of four working days per year for the monitoring of children's school performance (established in 2008). Since 2007, an extra paid parental leave is provided for a period of six months for each child in cases of twins. In addition, since 2012 there has been established the right for all employees of the private sector to take a four-month period non-paid parental leave at any point from the termination of maternity leave until the child reaches the age of six years. Overall, maternity and parental rights are gradually becoming more inclusive in Greece, even after the outburst of the crisis.

The termination of employment contracts of pregnant women is not allowed according in any of the examined countries but still happens via different methods. For example, in Italy the 'blank resignation letter' (you sign a blank letter, which is used as soon you get pregnant) was used by several smaller enterprises affecting almost 9% of all mothers who were or who had been working (Istat, 2010:155). The issue first appeared on the political agenda in 2007-2008.

In 2007, the government introduced numbered resignation forms valid for 15 days to prevent the use of blank resignation letters. However, the system was abolished by the new government in 2008. Following wide-ranging protests a procedure was introduced in 2012 through which women's resignation would need to be validated by the local labor offices. During 2014, the senate has discussed the reintroduction of numbered resignation forms.

Similar to sickness insurances, crisis measures in the countries studied have not in any significant way targeted benefits connected to parental leave. In terms of increasing flexibility and extending the right to parental leave to fathers, several countries have made their systems more generous. However, it should also be noted that parental benefits, as in most cases sickness insurances, are connected to wages incurred by employment which means that eligibility is also highly intertwined with an individual's position on the labor market. Some of the countries studied provide a flat rate minimum benefit for those who do not qualify for the earnings-related parental benefits. However, these are often considerably lower than earnings-related benefits. In view of the general trend towards flexibilization of labor and an increasing part of the labor force in the countries studied having insecure and temporal employment contracts, access to sometimes generous insurance systems risks becoming more exclusive. There is an increasing portion of those active on the labor market who will have difficulties in qualifying for earnings-related benefits. Typically, these include many self-employed workers and those who have irregular employment histories, a category where women tend to be overrepresented.

4.2 Child allowances, child tax credits

Similar to systems of benefits for parental leave, child allowances have in most countries studied been left more or less unscathed by crisis measures. An important change was introduced in Spain as part of the Spanish crisis response, with the abolition in 2010 of the one-time flat rate universal subsidy upon the birth of child amounting to €2500. Child allowances that remain in Spain are means-tested and eligible for households with low incomes. Child allowances in Italy and Poland, as well as eligibility for tax credits, are also means-tested. However, as Polish officials stated, income tax relief aimed at families is dependent on whether one actually has an income or not. People with lower income levels will get less relief while higher earners will get tax credits that they actually do not need (PL

8; PL 9). France,²⁴ Germany, Sweden and Switzerland²⁵ have universal flat-rate child allowances calculated only on the number of children in a particular household. The flat rate allowance in the UK was restricted from 2013, excluding high income recipients. Eligibility for the means-tested tax credit was also made more restrictive in 2012 by introducing a lower income threshold. In Germany, a €100 one-time bonus for families was paid in 2009 as part of an economic growth package in the wake of the crisis in order to boost the economy. Other than this, there were no significant changes in policy. Greece has generally moved from universal to means-tested allowances for families (EL 7), which replaced the general family allowance in 2012.

4.3 Costs of education

Reforms regarding costs for education are also a potentially important aspect of crisis-related policies. The general differences across the examined nine countries in funding of the pre-, primary- and higher education are summarized in Table 4.3 (below).

In several countries, significant changes have taken place. In Italy, for example, there were significant cuts in state-funded education during the period 2008-2012, and this particularly affected universities which had to increase tuition fees. In Spain, the salaries of teachers have repeatedly been subjected to cuts, while the work-load has been increased as a result of austerity measures to curb public spending. In Poland, a general right for pre-school was introduced in 2009 and from 2017 children of age three to four years have a right for pre-school education. Changes have also taken place regarding fees, which have become lower due to reforms in 2010 and 2013. In the UK, a 2014 reform opened up for children of age two to attend pre-school without a fee for 15 hours/week. However, the implementation of this rule is conditioned by the availability of public funds. On the other hand, in 2010, support for students from low-income households was abolished and finances diverted to schools instead (except in Scotland, Wales or Northern Ireland). In Spain, there are also private pre-school facilities (kindergarten), which cost about 400-450 euro per month and private (or privately administered) schools which cost 150-325 euro per month. In Sweden, there are also privately run pre-schools. However, the organizational form of schools does not affect fees since these

²⁴ France has two types of allowances. One is flat rate and universal, only calculated on the number of children. The other, the 'coefficient familial' is means-tested, calculated on income.

²⁵ In Switzerland allowances differ across cantons and some categories of households are excluded.

are also subsidised. While school meals are often funded by the state, the rest of the costs (uniforms, books, transport) are rarely subsidised. In Poland, means-tested support is available, and in Sweden transport to school is paid by municipalities if it is considered necessary due to the distance (rural communities mainly). In Greece, drastic cuts in education affected primary, secondary and tertiary educational institutions through significantly reduced budgets (KANEP/GSEE, 2014:13) as well as diminishing a number of positions. Furthermore, citizens' ability to spend on education has decreased. According to a latest annual educational report of the private sector confederation, (KANEP/GSEE, 2013:271), Greece is the only EU member with a significant decrease in consumer spending on education from 2009 to 2011.

Table 4.3: Citizens contribution to educational system

Country	Pre-school	Primary-school	Gymnasium/ high school	University
France	From age 2 months to 3 years the fee is calculated on income level; free from age 3	Free. Costs for meals varies. Subsidies exists. Transport costs increasingly borne by families.	Free. Costs for meals vary. Subsidies exist.	Registration fees range from around € 200 up to €600 (for engineers) plus a social security fee of around €200 /year
Germany	Depends on region and family income	Free	Free, support for housing available	Free, but mandatory payment (max €300 per term) to student union, support for housing available.
Greece	Children from two-and-a-half years of age can be enrolled in nursery and pre-school classes. Public schooling is free of charge.	Free	Free	Free at the undergraduate level. Average tuition fees for MSc level is 3.625€-now allowed when approved by the University Senate. Average student grant only 450€ (performance based)
Italy*	Limited access to childcare for ages 6 months to 3 years, income based fees. 3-6 years free	Free, except for lunches	Free, except for lunches	Varies across regions/universities; increase since 2008

Note: * refers to countries where it is common to ask parents to make 'voluntary' financial contributions to school.

Table 4.3: Citizens contribution to educational system (cont.)

Country	Pre-school	Primary-school	Gymnasium/high school	University
Poland	Free for 5 hours /day, the rest heavily subsidized	Free, free transport if considered necessary, paid lunch (exceptions)	Free, free transport if considered necessary, paid lunch (exceptions)	Free, except for repetition and exams, subsidized transport, means-tested support
Spain	Subsidized, fees vary regionally & by income (€70-221 per month); lunch/dinner fee	Free, except lunch	Free, but 125 € for the title, scholarships available	Varies across universities and courses, situation worsened since 2012, scholarships available. Conditions for scholarships more demanding and restrictive.
Sweden	Subsidized, fee varies, but is max 3% of household gross income	Free, free transport if considered necessary	Free, support for housing	Free, except for non-EU students (tuition fee between €9,000-€27,000/year); loans for Swedish students available
Switzerland	Free 4-6 years old (obligatory) Fees differ for private or semi-private institutions subsidised by the cantons	Public schools are free. Private schools fees vary.	Free	Tuition fees CHF 1'000 to CHF 4'000/year. Fees were increased in some cantons.
UK	15 h per week free. 38 weeks/year.	Free, free lunches for those under 6 since 2014		Up to £ 9000 since 2011 Scottish students in Scotland have no fee

On the whole, the cost of education along with allowances and tax credits for children seem not to have been the object of reforms in the nine LIVEWHAT countries. Rather, cuts in public spending have often affected the workload of administrators and teachers. The burden of reforms is thus primarily carried by those working in the public education sector. This naturally includes children and students on the receiving end of educational services, the quality of which are likely to be affected negatively.

While fees for childcare and primary education has been held more or less constant, costs for higher education have been introduced or been augmented in several countries. The UK stands out in this setting due to its considerable increase in fees for university studies, which sparked wide-ranging protests from students in 2011. Sweden introduced fees for students outside the EU and the EES. Individual universities set the level of fees but they range from around €9,000 up to €27,000 depending on the subject.²⁶ These reforms were followed by a radical drop in the portion of non-European students.

Conclusive discussion

The reported policy changes indicate the expected picture - there are great differences between examined countries. There were a relatively few crisis-related policy changes in France, Germany, Switzerland and Sweden, where also the effects of the crisis were moderate. Two countries – Poland and the UK – have engaged in wide-ranging reforms to cut public spending, but these have been complemented by some more positive change (e.g. the introduction of paid parental leave in Poland). Finally, three countries – Italy, Spain and most notably Greece – have been much affected by the crisis and enacted significant changes in the policies examined. The reforms in Greece have been what some scholars have characterized as ‘all embracing’, leaving practically no section of society unaffected.

The goal of the report has not been to measure the impact of the studied policy changes, but it is possible to point to some specific groups which are more likely to lose or win. Public sector employees, especially in Greece, Spain and Italy, have been the most broadly affected by the examined labor market policies, as well as the general and austerity measures (cuts in salaries). This category of employees has, in general, been more protected than private sector workers and therefore the changes might be seen as particularly harsh. One of the most curious examples is the Greek case, where public sector employees are not covered by unemployment benefits, because before the crisis they almost never lost their job. However, workers in all countries have been affected by the changing structure of the labor market and the increasing precarization of labor. This, in turn, means that even slight changes in conditions of eligibility for sickness or unemployment benefits actually affect a significant

²⁶ Degrees in arts and design tend to be the most expensive.

part of the workforce. Access to benefits, especially when earnings-related, has become more restricted while benefit systems have been guarded more or less intact. For example, earnings-related unemployment benefits and sickness benefits have generally not been subjected to wide-ranging cuts in the wake of the crisis in the countries studied. An exception here is Spain, where changes in unemployment benefits imply an estimated reduction of income by 15.4%.

Our findings partly coincide with previous research on the development of European welfare state and crisis-related policy measures. In respect of the changes in Greece, everyone seems to agree that there have been significant policy changes. Some authors call the measures as *all embracing* (Heise and Lierse 2011:17; cf. Busch et al., 2013) targeting nearly all aspects of Greek social policy, pensions, healthcare, social security as well as wages for the public employees and the size of the public sector. Hierse and Lierse (2011) show, somewhat counter-intuitively, that in Greece those receiving unemployment benefits and low wage earners have been relatively moderately affected. Furthermore, higher tax burdens have also been placed on profitable companies and high income earners, thus also contributing to the budget consolidation process (Hierse and Lierse, 2011:19). This does not mean that these societal groups have escaped the effects of the crisis or that the extent to welfare state reform has been exaggerated. It does mean, however, that there is a need to place the evolving structure of European welfare systems in the context of broader developments of labor market regulation to understand their impact on citizens.

In contrast to prior research (Theodoropoulou and Watt, 2011; Heise and Lierse, 2011), this report does not allow us to say that everywhere pensioners, welfare benefit recipients or low income groups have been the most affected due to austerity measures. The picture is more complicated for several reasons. First, the groups which carry the highest burden of the austerity measures significantly differ across our examined countries. One can take for example child benefits. While in Spain the government cut a one-time subsidy for a child birth in 2010, it kept means-tested child allowances for low-income groups. In other countries, child allowances have not changed significantly, although Greece has moved from a universal to means-tested system. Changes in healthcare services have been moderate in most of the countries, except Poland, Spain, and especially Greece. These countries have

made radical cut-backs in the provision of healthcare and worsened health outcomes in already vulnerable social groups (Kentikelenis et al., 2011; Gili et al., 2012).

Second, incomes for those currently receiving pensions have in most countries not diminished during the crisis. Bush et al. (2013) show that the living conditions for the old in Greece, Italy, Portugal and Spain²⁷ have not, in spite of radical changes in the pension systems, deteriorated in any dramatic way. Still, given expectations of high unemployment rates in the foreseeable future, the reforms enacted will result in a higher portion of populations with gaps in their ‘insurance biographies’ (Busch et al., 2013:21), reproducing or even reinforcing inequalities among old age citizens.

Third, the structuring of pension systems is more likely to affect those who will retire in the decades ahead. Finally, many of the reforms were not a direct result of the crisis. Those reducing the retirement age used the window of opportunity provided by the crisis (see also: Degryse et al., 2013; Heise and Lierse, 2011). Similarly, the Swedish reform of unemployment benefits in 2007 did not result from the crisis, but was in the agenda of the newly elected center-right government. Our results referring to the increasing vulnerability of public sector employees are, however, in accordance to prior studies (Theodoropoulou and Watt, 2011; Busch et al., 2013).

While this report does not focus on the actors involved in the reform process, interviews with the policy officials suggest that corporations and representatives from the financial sector rather than union organizations were consulted in devising the crisis-related policy changes. This is in accordance to several prior studies, which suggest that there was no dialogue with unions before the announcement of austerity packages – or where the dialogue did occur the views of unions were largely ignored (Theodoropoulou and Watt, 2011; Glassner and Keune, 2010; Hermann, 2013). The demands for budget discipline have limited the scope of public-sector unions and public authorities to negotiate agreements (Glassner and Keune, 2012). Also supra-national actors had a significant role in the crisis-related policy changes. For instance, Busch et al. (2013) state that in Greece, Portugal and Spain, ruling socialist and social democratic parties have followed the dictates of external actors (e.g. Troika) in

²⁷ Spain stands out among these southern countries as it has not reformed pensions as radically as Greece, Italy, and Portugal.

demanding austerity measures. Degryse et al. (2013) also note that the EU's country-specific recommendations which should guide the Member States in their policy reforms are narrowly focused on growth and competitiveness rather than social cohesion.

The processes described in this report suggest that there have been significant changes in the four examined policy fields – labor, health, tax, and social policies – but variations across countries as well as in policies themselves are very large. Still, one could find two common trends in the crisis-related changes. First, reforms in many countries have directly targeted the situation of public sector employees. Second, indirect effects of the structural changes in the labor market i.e. precarization combined with smaller regulations of unemployment and social benefits, might have negative long-term effects on large sectors of society. Further research should show how these groups respond to these challenges and enhance their resilience. Some of the studies already explain the relationship between the recent crisis and increasing democratic deficit i.e. decreasing electoral participation or increasing support for radical parties (e.g. Schäfer and Streeck, 2013), but we need to know more about which private and collective solutions citizens find for coping with the situation.

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PART II: Country reports

France

Summary

France was saved by the worst implications of the economic and financial crisis owing to a strong system of social protection that could cushion the worst effects for a long period. This is why successive right-wing and left-wing governments could praise the efficiency of the ‘French social model’, allowing for limiting the rise of social inequality and poverty. Thus, France distinguished itself from Spain, Italy, Ireland and indeed Great Britain. Today, the debate over public power has undoubtedly changed and France is subjected openly to the consequences of that crisis, given that a swathe of the population is weakening alarmingly, even if the social allowances continue to carry out their role. Having been hit by the crisis later than other countries, it is possible that France reacted less vigorously, soon leading to the implementation of more restrictive and drastic budget measures compared to those previously taken.

For the time being, these reforms generally consist in budgeting, the rationalization of the running costs of public policies, or to ask for more effort from the middle and upper classes. This does not touch the foundations of the welfare system, which remains one of the most generous in the world. To date, the universalistic tendencies are not advantageous, calling into question the fact that nearly all the benefits are offered under the same conditions to both French nationals and foreigners. Beyond several spectacular measures (which concentrate legitimate attention to citizens and the political community), it is above all in the development of technical measures, or in the changes that may seem relatively marginal, where one could read some improvement. A good example of this can be found in medical cover, in moderate decline but continuous, regular and repetitive in refunding medical treatment and common medicines. All things considered, it is consistent, amply continuing to take care of the most part of serious medical situations. In other respects, in certain fields such as the rights of the handicapped and educational bursaries, efforts made in public policies are markedly increasing since 2005. It is noticeable that, for the moment, France continues to maintain and develop its domestic policies, which are often considered one of the specifics of the national model.

Over the period 2005-2014, pension reforms have undoubtedly been remarkable. By moving forward the retirement age and by increasing the period of contributions, the authorities have broken into an ‘advantageous asset’. This postponement is backed up by consideration of the difficulty of certain employments when calculating retirement, further demonstrating how France does not abandon the objective of social justice. The undertaking to reimburse medical expenses, and to give benefits to the unemployed, have also experienced deep disruption (albeit softened by the essential well-being before the 2008 crisis).

Today, the French social welfare system finds itself at a crossroads. It is now more necessary than before to face up to decidedly increasing demands since 2008. However, at the same time, the system is subject to the need for even stronger budgetary cuts, once the threshold of possible cut backs has been reached, and there is a risk that the final outcome (to protect the most fragile citizens) is challenged. Despite these difficulties, France remains one of the most developed countries in Europe.

1. Labor policies

1.1 Employment

1.1.1 Termination of contracts

Are there legal rights of advance notice, what do these look like and to whom are they applicable?

Advance notice is a period when one of the parties (employer or employee) communicates to the other his decision to terminate the work contract and the employee physically departs. Advance notice is usually given by the person who breaks the work contract, and it must be carried out at the moment of the complete rupture of a CDI (permanent contract), but also in the eventual rupture of a CDD (fixed term contract).

Advance notice is not complete when: the employee is exempt from working; when he/she has made a serious or severe error; when he/she is unable to work due to a professional incapacity; when he/she accepts a CSP (contract of professional security) within the context of an economic dismissal; in case of a legal exemption (noticeable pregnancy, maternity leave, adoption, leave granted for the creation of a business); and when the advance notice is

impossible due to extreme circumstances such as the destruction of the workplace by a fire or a flood.

The length of the advance notice period is variable. *In the case of resignation*, there is no legal requirement for a minimum duration of the advance notice period. This time limit is the result of a collective agreement, with the branch consent, the local customs, or the profession, or the work contract. In practice, the time limit could be from two days to three months. *In the case of dismissal*, the law stipulates a minimum time period that must be respected and which is determined by the length of service of the employee in the company. (Less than six months of service: made by a collective agreement or for want of customs; length of service from six months to two years: a minimum of one month of advance notice: length of service of over two years: a minimum of two months advance notice).

Since 2008, a breakthrough procedure exists which allows the employer and employee to agree on the conditions of the ending of the contract that binds them. This is only possible for CDI (permanent contracts) work contracts. In this case, it is not an advance notice as was previously described; instead, the two parties together fix a definitive departure date but must still respect the legal 15-day limit in case of withdrawal. There is no time limit enforced in the three civil service posts (state, hospital, and jurisdiction), as for all civil servants.

What is the compensation (fee) of the termination of the employment contract of full-time workers?

In the case of dismissal, the employee does not have the right to severance pay. Redundancy pay is due when the reasons for dismissal are genuine and serious, when it is an economic dismissal, an abusive dismissal, or without genuine and serious cause. In such cases the law grants redundancy pay to the employee who holds a permanent work contract and who has completed one full year of uninterrupted service with the same employer. Outside of these above cases (dismissal for a serious or severe error, resignation, or less than one year of service), redundancy pay is not granted.

Since 2008, laws which bring the modernization of the labor market foresee that the total amount of redundancy pay is the same for economic dismissals as for dismissals for personal

reasons. This allowance cannot be inferior to 1/5 of one month's salary for each year in service, rising to 2/15 of one month's salary for over 10 years of service. This is the legal minimum: the work contract or the collective agreement could foresee more substantial allowances.

Does the law establish a public policy list of 'fair' grounds for dismissal? Is redundancy (also known as retrenchment, termination for economic reasons, necessities of the company, or objective causes) considered a 'fair' ground for dismissal by law, or if such dismissal always entails a mandatory penalty?

Yes. Dismissal must be based on firm grounds towards the employee concerned (dismissal caused by genuine and serious reasons (even if there is no legal definition of this notion); dismissal caused by serious error; dismissal caused by severe error), or based on solid economic issues foreign to the employee. When there is conflict over the economic grounds for dismissal, it is convenient to determine if it is a dismissal on hidden grounds (dismissal without genuine and serious reasons), or if it is really economic. Certain categories of employees are protected (pregnant women, accidents at work, members of the hygiene, security and working conditions committee, and staff representatives).

1.1.2 Minimum wage

Who has the right to have minimum wage, are there any exceptions?

All employees over 18 benefit from a minimum salary (*Smic: Salaire minimum interprofessionnel de croissance*), whichever the payment format (hourly, output, by the piece, in commission or in tips). A reduction in the Smic can be given to minors and apprentices who can receive a reduced Smic, if they can justify six months of professional activity in an organization. The evolution of the Smic hourly rate since 2005: 1st July 2005 (8.03€); 1st July 2006 (8.27€); 1st July 2007 (8.44€); 1st July 2008 (8.71€); 1st July 2009 (8.82€); 1st January 2010 (8.86€); 1st January 2011 (9€); 1st December 2011 (9.19 €); 1st January 2012 (9.22 €); 1st July 2012 (9.40€); 1st January 2013 (9.43€); 1st January 2014 (9.53 €).

1.1.3 Vacation

Do employees have a paid time off for national or local holidays by law or mandatory collective agreement?

All employees have the right to paid holidays, whatever their job, category or qualification, the nature of the payment or the hours of work. Part-time workers have the same rights as full-time workers. The requirement imposed on employees to have worked or done a similar activity for at least 10 days for the same employer was removed in March 2012.

How many days does the paid vacation last?

The employee has the right to two and a half days of paid leave for each month worked, with the same employer. In other words, this means 30 working days of rest (five weeks) for each completed work year (from 1st June to 31st May).

Do people receive holiday allowances, how large are they?

Yes, employees have the right to receive paid holiday allowance during their annual holiday. There are two possible ways to calculate this. The most advantageous solution for the employee is that it must be deducted either as an allowance equal to the payment that the employee would have received if he/she had continued to work, or either as an allowance equal to 1/10 of the total gross salary received by the employee during the referred period (1st July to 31st May). In addition to paid holidays, labor regulations list 11 public holidays: 1st January, Easter Monday, 1st May, 8th May, Ascension Thursday, Whit Monday, 14th July, 15th August, All Saints, 11th November and Christmas Day.

It is only compulsory to be on holiday and paid on 1st May. If companies have the necessary requirement for the presence of staff on this day, then staff must be paid double time. As for the other public holidays, a day off is not compulsory except for minors and apprentices less than 18 years old. Many common customs and social conventions expect that public holidays

should be days off and paid; however, nothing can prevent an employer from making his/her employees work on a public holiday.

1.2 Unemployment

1.2.1 Eligibility and constraints

What are the requirements for being officially registered as unemployed?

An unemployed is a person who does not have a job and is looking for one. All those looking for employment, who reside on French national territory, who have access to the labor market, who respect the inscription requirements, can sign up to the Job Center. The job seekers enrolled in the Job Center are regrouped into different categories. Up until February 2009, there were five categories: 1, 2, 3, etc. Since the end of February 2009, this classification has been replaced by a new grouping of eight categories: A, B, C, D, and E.

- Category A: job seekers who are actively looking for work, and who are out of work;
- Category B: job seekers who are actively looking for work, and who are working over a reduced and short period (i.e. 78 hours or less a month);
- Category C: job seekers who are actively looking for work, and who are working 78 hours and more a month;
- Category D: job seekers who are not actively looking for work (due to an internship, a training course, an illness) and who are out of work;
- Category E: job seekers who are not actively looking for work, and who are currently working (for example: state aided contracts).

Who is entitled to unemployment benefit (e.g. how many months has one to work for to be eligible for this benefit?)

In order to qualify for unemployment benefit (ARE) Aid to get back to work, the job seeker must meet all the following conditions: to have not taken the initiative to leave one's job; to be physically capable to work; to be registered as a job seeker or to have an individual job-seeking plan; to be seeking employment or to be in the process of creating or recovering a

company; to be resident on French national territory (however, unemployment benefit is not reserved only for French nationals); to have paid established amounts of work contributions.

In the previous monitoring system (from January 2006 to December 2008), during this period it was possible to distinguish four channels of access to unemployment benefit according to age and the length of time in previous employment (see below). Since March 2009, the system has been simplified: in order to be eligible for unemployment benefit, a job seeker less than 50 years old, must have worked and contributed at least four months over the period of the last 28 months (previously it was six months over a 22-month period). Job seekers who are over 50 have to have worked and contributed a total of 122 days (or 610 hours) over a previous period of 36 months that precedes the end of the work contract. Hence, this reference period is more important than for the other job seekers.

Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)?

Public sector employees benefit from the same unemployment benefit as other job seekers in the same condition, as for private sector employees. Therefore, they are subjected to the same conditions for allocation. The type of contract (temporary or permanent) only plays an indirect role in the calculation of the number of days worked when accessing the right to unemployment benefit.

How long is the payment period and are there any constraints (e.g, mandatory training, inability to refuse the job offered)?

Since 2008, the duration of unemployment benefit has been equivalent to the duration of the previous employment, and there is a minimum lower limit and a maximum upper limit. Therefore, the duration of unemployment benefit is a minimum period of 122 days (approximately four months) and a maximum period of 730 days (approximately 24 months). For unemployed who are more than 50 years old at the end of their work contract, the maximum period is increased to 1.095 days (36 and a half months). Exceptionally, and under certain conditions, the recipients of unemployment benefit who are over 61 years old continue to receive it until they qualify for a full state pension. Before 2008, the duration of

unemployment benefit was dependent on age and the length of service. In certain cases, the duration of unemployment benefit could be superior to the duration of previous service.

Table 1: Current Regulations from 1st January 2006 to 31st December 2008

Age conditions	Length of service	Duration of benefit
All recipients	182 days or 910 hours in 22 months	213 days (7 months)
All recipients	365 days or 1.820 hours in 20 months	365 days (12 months)
All recipients	487 days or 2.426 hours in 26 months	700 days (23 months)
Over 50	821 days or 4.095 hours in 36 months	1.095 days (36 months)

It is important to underline that the maximum duration for unemployment benefit was greatly reduced in 2003, passing from 30 to 23 months. In other respects, between 2006 and 2009, on average the changing of the rules for unemployment insurance has reduced the duration of the benefits by around two months.

Since 2001, the setting up of the ‘Get back to work help plan’ (PARE) and the Personal action Project (PAP) generalize the new plan of action which aims to follow personally all job seekers regularly. An increasing number of interviews and accompanying benefits are in place. At first half-yearly, (and targeted to specific groups) today monthly, this new plan is available to all the unemployed. In January 2006, a new frontier was crossed with the introduction of a more personal follow-up: each job seeker has his/her own personal counselor who follows the job seeker until he/she finds employment after an interview. If the job seeker does not attend the interview with the counselor (and without justification or legitimate motivation) then he/she is eliminated from the list of job offers for a period of two months. The rate of administration cutbacks is on constant increase since 1998, with excess registered in 2006.

Job seekers, with or without unemployment benefit, are obliged to actively look for work, to be subject to monitoring and control (training, help in looking for work, meeting, medical

visits, etc.), and to accept all proposals of training and all offers which are suitable for them; the compensation being the extension of the duration and the end to the digression of unemployment benefit. In 2006, the law of social cohesion reinforced the obligations: the search for work must be continuous, 'positive and repetitive'. It also modified the standards of suitable work, by cancelling any reference to the professional history of the job seekers, so that they are not obliged to accept an employment, or training or a state-aided contract that has nothing to do with their working experience. Finally, the law in question reinforces controls by implementing sanctions deemed to be 'just and measured in order to stimulate the job seeker to faithfully look for work'. In fact, from the first half of 2005 to the first half of 2006, the number of sanctions imposed rose to 75%, passing from 13.000 to 23.000. Today, this tendency continues, with the decision to implement sanctions gradually and progressively to those job seekers who refuse two 'valid job offers'.

All international comparisons prove that sanctions applied to job seekers in France remain the least harsh and above all, the least implemented, compared to other countries, even if over the last fifteen years such sanctions are markedly increasing.

1.2.2 Benefits

How large a percentage of the salary²⁸ is covered by unemployment benefits in case of a one-year unemployment spell? How is the unemployment benefit calculated (flat rate/salary related etc.)?

The calculation of the amount of ARE (unemployment benefit) depends on previous salaries, and is independent to the duration of the benefit. It is equal to 40.4% of the salary in question, with the addition of a daily fixed sum (10.25€ in 2004, compared to 11.72€ on 1st July 2014), equivalent to 57.4% of the daily salary in question. The largest amount is agreed, and must not be inferior to a legal minimum, which today rests at 28.58€ net daily, and that must not exceed 75% of the salary in question. Furthermore, there is a maximum of 7.184€ gross monthly, which is decreasing over the years (it was 11.784€ gross monthly in 2011). Lastly,

²⁸ Unemployment benefits are defined in some countries as a fixed amount in local currency, rather than as a percentage. In such cases, the percentage of the salary covered is calculated based on a salary equal to the country's GNP per worker.

the small amount of allowance from (AREF: training to help get back to work) is granted to jobseekers who participate in training organized by the Job Center, and is fixed at 20.22€ gross daily.

In order to calculate the gross amount of unemployment benefit, l'ASSEDIC (*Association for Employment in Industry and Trade*) makes an average of all perceived salaries over the last twelve months of working activity. This is all gross salaries and bonuses from the moment that contributions were made. The average allowance awarded in metropolitan France on 31st May 2008 was 1.068€, for an average salary of 1.837€, thus a rate of 58.1%. One quarter of recipients received less than 791€ per month, a larger quarter received more than 1.128€.

Since 1st July 2014, the amount of unemployment benefit has slightly decreased – but only for those whose salary exceeds 2.042€ gross monthly – passing from 57.4% to 57% of SJR (calculable salary), which is equal to a decrease of 11€ for a job seeker who previously received 1.500 € of unemployment benefit.

1.2.3 Services

What kinds of training services are available for the unemployed, and how does this differ for long- and short-term unemployment?

Training courses for the unemployed are a real jungle, and the measures and mechanisms are numerous. The incredible complexity of this area stems from the intertwining of jurisdiction between the state, the regions, the Job Center l'Afpa (French organization of professional training) and private organizations. The poorly trained unemployed often find themselves completely lost, but the job center counselors employ them just the same. On average, the unemployed benefit from twice as less training as those currently in employment. In 2013, only 10% of French unemployed participated each year in training.

A study of the professional training for the unemployed, created by IGAS (*inspection générale des affaires sociales*) was published at the end of September 2013. The report stated that despite important financial means given to professional training, the unemployed did not

greatly benefit from it. Whereas between December 2005 and December 2011, the number of unemployed rose by 19.7 %, participation in training by the unemployed fell by 8.67%. There are many obstacles which can prevent access to these training courses: the large presence of unemployed, the complexity of financial measures, the long and discouraging waiting period for training applications, offers of training courses that lack clarity are often misjudged, etc. The long-term unemployed are less and less trained. This is a worrying observation.

Each month, job seekers meet with their allocated counselor who follows them throughout their period of job searching. When someone arrives with a training project, the counselor evaluates together with the job seeker possible job opportunities in the envisaged work sector and will evaluate if that person has the capacity and the level needed to undertake the training. In the end, the counselor will authorize or not authorize the training request. When the job seeker does not possess a training project, then the job center will propose training that will allow him/her to move in the right direction, or to guide him/her onto a different path.

Once the training project has been agreed, the job seeker must attend an interview with both the counselor and a representative of the training company. In addition to alternating training contracts (professional training or apprenticeship), and the other financial measures (notably from the regional councils), job seekers can also benefit from subsidized training from the job center when there is a shortage of labor in a particular profession or branch of industry. They can also follow training prior to employment (AFPR), which is offered by an employer who is not able to make a job offer. The CAF (Training support), created in 2009, is available exclusively to job seekers under 26 years of age. It offers specific training and awards a certificate or the adaptation of skills, or a preparation leading to a qualification.

Since 2004, the Individual Right to Training (DIF) was created in order to give private sector employees the possibility to build up a training fund. It is available to all employees who: have experienced the rupture of their work contract, or the finishing of their fixed term contract (CDD) and who are eligible for unemployment benefit, and who have gained the right to training (DIF). Training hours are developed according to the following calculation: outstanding hours that are unused multiplied by 9.15 €. If the training cost is higher, then the remainder is to be paid by the job seeker. It is also possible to seek help from the Job Center

and to benefit from AIF (Individual Training Aid), which offers a maximum of 1.500€, paid directly to the training company.

In June 2103, The President of the Republic announced an urgent training plan for 3.000 unemployed (mostly young people) in the ‘under pressure’ sectors (with recruitment problems). Eventually, professional training was reformed by law on 5th March 2014, notably creating a more personal, suitable training, replacing the DIF. It will come into force on 1st January 2015. Its objective is to provide frequent refresher courses throughout a working career which today is punctuated with periods of unemployment. It is no longer awarded to the work contract (like the DIF) but to the individual, and provides for the acquisition of paid, unlimited training hours, irrelevant of any changes in professional status. It is made available to all private sector workers and to the unemployed registered with the Job Center.

Is there any particular help given to those starting with their own small business?

Since 1977, ‘Aid to create or resume a business’ (ACCRE) has been an incentive plan to create businesses. It is mainly composed of an exemption from labor costs (with a maximum of 12% of the minimum wage (SMIC)) over one year with further aid over the first years of the business.

In 2008, a very important reform to the ‘Setting up businesses Aid’ was decided. Additionally closely linked to ACCRE, it consists of a new plan to aid business creation, NACRE, and has been entrusted to the deposits and consignments fund. It provides a tax-free loan and personal support, which beyond the creation of the business, follows it for three years. The organizations which ensure this support give their seal of approval at a regional level to intervene in one or more of the three following steps: support in setting up the business: financial structuring; aid to starting up and developing. The declared objective of the French state and the deposits and consignments fund is to create an annual rate of 20,000 new businesses, starting from 2010, and to reduce the number of failed business.

1.3 Unionization and strikes

1.3.1 Unions and bargaining

Has every worker/employee a right to be part of a union? If not, describe differences.

Yes. All workers have the right to join a trade union of their choice. There are some exceptions (for example, prisoners) and the military (it is against military discipline regulations to create a professional military trade union or to join a trade union whilst in military service).

Is a right to unionization specified in the constitution (if it is regulated by other laws, does it mean a weaker protection of rights)?

Yes. The Preamble of the Constitution Act of 1946 states that “ all persons can defend their rights and interests through trade unions and can join the trade union of their choice.”

Are workers councils, committees or equivalent bodies mandated by law?

The execution of trade law is recognized in all companies regardless of their size. Before August 2008, only the trade unionists could benefit from the presumption of representativeness (as a national joint trade organization: CGT, CFDT, FO, CFE-CGC, CFTC), and succeeded in profiting from the monopoly of trade union rights in a company (trade union group, pre-election negotiations, the presentation of electoral candidates, trade union representatives of the worker's council, union representative and group negotiations). Other non-representative trade unions do not benefit from any particular rights of work representation, yet their members enjoy full freedom to deliver trade unions activities.

Since the 20th August 2008 law, there have been two new levels in the execution of union rights in businesses. The first execution level of unions' rights is open on the one hand to trade unionists who are members of a recognized, national and joint-trade organization (CG T, CFDT, FO, CFE-CGC, CFTC), and on the other hand, to trade unionists who fulfill the requirements of two years-service, and the mutual respect of republican values. It is sufficient to have at least two members. These trade unionists can themselves open up pre-election debates and can candidate themselves in

the first round of elections, as well as forming a trade union group and designating a union representative in the trade union section (RSS).

The second execution level of unions rights is reserved to trade unionists who can demonstrate their representativeness by fulfilling the following four requirements as well as the two mentioned above: a) economic transparency; b) exceeding an audience threshold of 10%; c) a satisfactory influence (influential activity and experience as a priority); d) a sufficient number of members and subscriptions (determined by labor regulations at 230,000€ annually).

Do employers have a legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers?

Yes. As long as the company possesses a trade union representative, each year the employer must take part in negotiations on salary, length and organization of working hours, sick leave, pension schemes, handicap workers and professional equality. An agreement in favor of professional equality with economic sanctions when not respected was put in place on the 1st January 2012.

1.3.2 Strikes (rights)

Which workers have according to the law the right or the freedom to strike?

All public sector workers, (whether they are civil servants, interns, private law agents or employees, on fixed term or permanent contracts), are subject to Article 7 of the French Constitution that recognizes the fundamental right to strike. Since 2008, the law concerning the minimum service guaranteed in transport has obliged strikers to declare a strike 48 hours in advance in order to plan a basic transport service especially during peak times. Similarly, since 2008, in the case of primary and nursery teachers striking, a minimum service must be guaranteed which can be organized with council services.

Are wildcat strikes i.e. the ones not authorized by the labor union or the assembly of workers, legal?

This depends on the conditions. All employees have the right to strike. However, an employee cannot strike by him/herself, unless participating in a national general strike. In order to be valid, a strike must satisfy three conditions: a) a complete stop to work; b) a dialogue and agreement between employees with a consensus to participation; c) professional demands, such as the improvement of working conditions or salary. When these three conditions are not fulfilled then it is an illegal wildcat strike. In the private sector, employees who want to exercise their right to strike do not have to respect advance notice, but need only to respect the conditions for a lawful strike. In the public sector and in public companies, advance notice is compulsory: five full days must be given before the strike in order to allow the unions and management time to make arrangements. This obligation is often diverted, with the advance notice renewed every 24 hours, or defined as a 'renewable strike' so that the strike remains unpredictable right up until the actual day of the strike, or even the last day.

Are there any time-limits to strikes, any differences across economic sectors?

A strike has no legal time limit.

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., not work-related issues, legal?

No, they are not legal. A strike must claim working demands and not political issues.

Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal?

Theoretically, a solidarity strike is illegal. However, if the strike indirectly defends workers' interests, it could be considered lawful. An example would be a strike against the restructuring of a company A could affect the employees of company B. Therefore the employees of company B might strike in solidarity with employees A, and it is lawful.

Are employers allowed to fire or replace striking workers, in which conditions?

An employer cannot under any circumstances replace striking employees with temporary workers, or hire workers on fixed-term contracts. However, the employer can replace the striking employees with volunteers, who are not paid and work without a contract, for as long as is needed.

Are employers' lockouts allowed by law?

A lockout is lawful only when it is necessary for the employer to end exploitation, for example, if security is not ensured. However, a lockout is illegal when it is a precautionary measure or a retaliation (for example, to put pressure on the strikers).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES (with the year of acceptance):

1945: May 28th – Decree setting out the criteria for the trade union representative.

1946: The right to strike and trade unions rights were written into the French Constitution.

1950: February 11th – The creation of SMIG. The first minimum guaranteed salary law.

1958: December 31st – The creation of unemployment benefit. For the first time all workers who have lost their jobs have the right to a replacement allowance.

1966: March 31st – Five trade union organizations are recognized as representatives. In particular one of these benefited from an indisputable representativeness.

1973: July 18th - Law cancelling the unilateral work contract and imposing dismissal procedures communicated in the form of a registered letter to the employee, stating the reasons for the dismissal.

1982: January 13th – A cabinet meeting approved the authorization of the 39-hour working week and the fifth week of paid holidays.

1982: March 25th - A cabinet meeting adopts seven authorizations, including the decreasing of retirement age to 60.

1982: 'Auroux' Act for workers freedoms within a company.

1988: November 30th – RMI (Revenu Minimum d'Insertion) was voted unanimously by the French National Assembly. An allowance to help unemployed who do not have any other rights to unemployment benefits.

1998: June 13th – Law tending towards the reduction of work time. The legal daily work time is brought to 35 hours by January 2000 for companies with more than 20 employees, and to January 2002 for those with less than 20 employees.

2001: January 1st – establishment of a new convention for unemployment benefit to jobseekers, proposing (in return for the end in the reduction of their allowance), to follow a reinsertion process (PARE plan d'aide au retour à l'emploi) and to accept a job offer after three propositions.

2005: January 18th - The Social Cohesion Act also stated the obligations of the unemployed in looking for work and the corresponding sanctions.

2007: January 31st – Law for the modernization of the social dialogue enforced compulsory dialogue with the social partners before any proposed government work related reforms, leading to an eventual collective national and inter professional negotiation.

2007: August 21st – Law for the continuity in public transport systems, with the obligation of a minimum guaranteed service.

2008: August 20th – Law to reform the social democracy and working time. This law put an end to the impossibility to refuse a trade union representative. From 1st January 2009, their representativeness will be recognized on the basis of renewable criteria and adapted to the level of the company, branch and inter professional (membership and subscriptions, economic transparency, interdependence, respect of republican values, influence characterized by the company, geographical presence, and at least two years of activity).

2008: February 13th – A law to set up a new public service employment organization and the creation of Job centers.

2008: August 1st – Law to recognize a 'reasonable job offer'.

2008: December 1st – Law to reform social integration.

2009: June 1st – RSA replaces RMI in France metropolitan and later in January 2011 to French DOM.

2010: September 1st – Young people under 25 can benefit from RSA (*Revenu de solidarité*) within certain conditions.

2012: October 26th – *Emplois d'avenir* (Future employment) law is created. Giving assistance to young, non-graduates living in disadvantaged rural and urban zones.

2013: March 1st – The creation of the generation contract favors on the one hand, the engagement of young people in permanent contracts and the maintenance of seniors in work.

2013: June 14th – Law for employment security, which also installed the personal training account.

2. Health services and social aid

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

Who has a right to receive sickness benefits (excluding private insurances)? Are there differences across groups, such as residents/non-residents?

All persons who live and work in France are automatically included in the public welfare system (*sécurité sociale*), falling into the categories of general workers system, agricultural system, non-paid workers and special workers. In order to improve their social protection, individuals can also take out extra coverage with complementary insurance schemes, or a provident society (which cannot substitute public welfare). The right to a high-level and solid public welfare system is guaranteed to everyone under the French constitution.

Moreover, since 2000, universal medical cover (CMU) aids access to and refunds medical care for all residents (of French nationality or foreigners, with or without a fixed address). It is sufficient to be resident in France for at least three months and to not be covered by any other public welfare system.

Therefore, in principle all immigrants without proper identity or work permits are excluded from public welfare, including all eligible parties (spouse, dependants, children etc.). However, since 2000, such immigrants have the right to ‘State Medical Aid’ (AME), by proving their identity, residence in France for three months but in an irregular situation and to have resources less than the minimum fixed according to the size of the family.

Differences across public/private sector workers?

Medical coverage is managed by different bodies depending on the professional activity. In France, the general system covers four people in five, incorporating private sector employees, pensioners and civil servants. The Cnam (*Caisse nationale d'assurance maladie des travailleurs salariés*) insures medical insurance to nearly 57 million people. The agricultural section covers nearly four million farmers and agricultural workers, and is managed by MSA (*Mutualité sociale agricole*), bringing together sickness, family and retirement. The section for independents (RSI) protects craftsmen, commercial traders, and liberal professionals, covering nearly 3.4 million people. The public welfare system also includes other special sections: maritime section, minors section, National Railways section, urban transport section, the Bank of France, the National Assembly, the Senate, the notary section, and the section for ministers of religion, etc. A basic coverage is guaranteed to all persons paying social security contributions, and provides a part refund of their medical costs. The amount refunded depends on the type of medical treatment and can vary from 15% to 100%. The remainder, which is to be paid by the patient, is called the *ticket modérateur* (additional contribution).

For how long are the benefits paid?

Access to social security rights is subject to the length or amount of social security contributions. It is necessary:

To have worked at least 60 hours in one month, or to have made social security contributions from a salary that is at least 60 times the national minimum wage (571.80€).

To have worked at least 120 hours over a three-month period, or to have made social security contributions from a salary that is at least 120 times the national minimum wage (1.143.60€).

To have worked at least 1.200 hours in one year or to have made social security contributions from a salary that is at least 2030 times the national minimum wage (19.345.90€),

For newly insured workers, no conditions are implemented in the first three months, starting from the date of entry into the social security system. The unemployed have the same rights as

social security as workers. If they are not reimbursed, they can maintain their social protection for one year after losing their social security benefit. As regards young people, from the moment that they are no longer considered as having the default right to social security (until 20 years of age), they can adhere to the social security system for students, paying a forfeit annual contribution (207€ in 2012/2013), on the condition that: a) they are enrolled in higher education; b) they are a French national or citizen of a country that was under French jurisdiction; c) they are under 28 years old. The employee cannot receive more than €360 reimbursements (for all types of illness) daily, over a period of three years. In the necessity of a long-term medical cure of more than six months, the attending physician must create a protocol, which sets out all treatments that are covered at 100%. This medical protocol has a fixed time limit, and cannot exceed three months. The social security department has a list of approximately 30 long-term ailments, which is continually updated. All potential re-entry to work for a period of one year or more automatically restarts the process and a new maximum of three years of social security benefits is put in place. After these three years, the employee has the option to take an invalidity pension.

2.1.2 Sickness benefits

How large is the benefit – relative to the average salary?

During paid sick leave, a private sector worker receives a percentage of the total salary earned if he/she had worked. For the first 30 days, it is 90% of wages, for the following 30 days it is two thirds of wages. The duration of sickness benefit increases by 10 days for every five years of service in addition to the year necessary to have access to sickness benefit itself. In fact, if the employee has between one and five years of service, he/she perceives 90% gross (of full wage) for 30 days, then 66% (of the same wage) for the following 30 days. After six years of service, the duration of these periods is increased to: 40 days if the employee has less than six years of service, 50 days for less than 11 years of service, 60 days for less than 16 years of service, 70 days for less than 21 years of service, 80 days for less than 26 years of service, and 90 days for less than 31 years of service. In case of frequent stoppages, the benefits are evaluated over a 12-month period and cannot provide the same duration of benefits as is stated above.

Sickness benefit provided in a work contract or an applicable collective agreement could have more advantageous conditions for the employees compared to social security (for example providing a complete salary). Civil servants receive full wages in the first three months of sickness benefit and half wages in the following nine months. Before 1st January 2012, civil servants received sickness allowance from the first day of absence, whereas workers in the private sector received allowance after three days. An extra day was added to this from 1st January 2012, in both the civil service and in the private sector. From 1st January 2014 this measure was repealed and today sickness allowance is implemented after three days in the private sector and does not exist in the civil service.

If everyone does not get the equal amount, then describe the differences, particularly for residents and non-residents (also asylum seekers).

The level of sickness benefit is the same for everyone: French, foreigners or asylum seekers.

2.1.3 Healthcare services

How large, if at all, is the citizen's contribution when visiting public health services (hospitalization, examinations, home visits, the dentist)?

A certain number of medical procedures are not covered:

Since 1st January 2008, a medical franchise is deducted from the reimbursements made by the health insurance, on paramedical treatments and medical transport, amounting to: 0.50€ for each box (or other container) of medicine; 0.50€ for each paramedical treatment; 2€ for medical transport. This franchise is not applicable to medicine or paramedical treatments offered during hospitalization or to emergency medical transport. A maximum limit to this medical franchise is 50€ each year for all treatments concerned. This franchise concerns all persons except: children and young people under 18, receivers of CMU (Universal medical coverage) or AME (medical state aid), women in maternity.

Since 1st January 2005, a minimum forfeit of 1€ is asked from patients over 18 years of age, and is applicable to all medical consultations or treatments and also on radiology examinations and biological analyses. Pregnant women are exempt after the first day of the sixth months of pregnancy until the twelfth day after birth. Equally, receivers of CMU and AME are also exempt.

In 1983, a hospital forfeit represented the financial participation in the costs of hospitalization and maintenance whilst in hospital, and is given for each day of hospitalization including the day of discharge from hospital. The amount awarded is fixed by ministerial order. Since 1st January 2010 it is 18€ for each day in hospital or clinic and for 13.50€ daily in a psychiatric institution. Exemptions are given to: pregnant women hospitalized in the last four days of pregnancy, during birth and for 12 days after; receivers of CMU and AME; children hospitalized in the 30 days following their birth; persons hospitalized after a work related accident or with a work related illness; persons receiving medical care from home; persons resident in Asace-Moselle; handicap persons under 20 staying in a specialist education establishment; and military pensioners.

Patients' contribution is equal to the remainder of the medical costs after the health insurance has reimbursed. It is applied to all refundable medical treatments and medications, from a medical appointment to the purchases of medicine with a prescription, etc. The amount varies according to: the type of risk (sickness, maternity, work related accident, etc.); the medical treatment (long duration illnesses are exempt); the respect or not of the treatment proposed. For example, if a patient consults his family doctor (GP: General practitioner), there is a 23€ fee. Health insurance refunds 70%, amounting to 16.10€, therefore the refund is of 15.10€ and the patient's contribution is 7.90€. Medical charges that exceed the statutory fee are never considered by the health insurance. Since 2006, for medical treatments that exceed a particular tariff (previously standing at 91€, now at 120€), the patient's contribution is replaced by a forfeit of 18€. Those who receive 100% coverage due to their health conditions are exempt from this 18€ forfeit.

Table 2: Coverage for costs for medical services

Coverage for costs for medical services	General cases	Alsace-Moselle region
Practitioners' fees: doctors, dentists, midwives	70%	90%
Medical assistants fees: nurses, masseurs-physiotherapists, speech therapists, orthoptists, chiropodists	60%	90%
Analyses and laboratory examinations		
Acts in B (biological)	60%	90%
Acts in P (pathological examinations of anatomy and cytology)	70%	90%
Blood samples taken by a doctor, dentist or midwife	70%	90%
Blood samples taken by the laboratory director, medical assistants and laboratory assistants (not nurses)	60%	90%
Serological screening for HIV infection and hepatitis	100%	100%
Medication		
White label drugs	65%	90%
Blue label drugs	30%	80%
Orange label drugs	15%	15%
Irreplaceable drugs which are expensive	100%	100%
Pharmaceutical preparations	65%	90%
Pharmaceutical preparations unconditioned with a high level of 30%	30%	80%
Homoeopathic medicines and homoeopathic preparations	30%	80%
Other medical costs		
Optic	60%	90%
Hearing aids	60%	90%
Bandages and medical accessories.	60%	90%
Orthopedics	60%	90%
Large equipment (Face and eye prostheses, bone prostheses, vehicles for the physically handicap).	100%	100%
Products with human origins (blood, breast milk, sperm)	100%	100%

Transport costs	65%	100%
Thermal care		
Medical costs (medical surveillance, medical complementary practices)	70%	90%
Costs of hydrotherapy	65%	90%
Accommodation costs and transport costs	65%	65%
Thermal care with hospitalization	80%	100%
Hospitalization (in a hospital or a private subsidized clinic)		
Hospitalization costs	80%	100%
Transfer from one hospital/clinic to another hospital/clinic, except to elderly homes or recovery homes	100%	100%

How long is the maximum waiting-time for a visit to primary health-services, if applicable?

There is no enforced limit on waiting time in the health services or for urgent emergency treatment. In 2010, out of 13.4 million people who attended emergency services in hospital only 45% were attended to within two hours. In 2004, the waiting time was estimated at 30 to 60 minutes, whereas 25% to 50% of patients waited nearly one hour before seeing a doctor.

2.2 Elderly care

2.2.1 Retirement age and eligibility

What is the retirement age for men and women, are there any differences across the type of work? Is there an option for early retirement, in what conditions?

Since 2010, the legal age for retirement for all persons born from 1st January 1955 was fixed at 62 (compared to 60, previously). For the previous generations, this age differed depending on the year of birth (until 2018). This evolution concerns all public, private and special sector workers. In order to qualify for a complete pension, it is necessary to have fulfilled the required amount of social security contributions, in other words to be 67 years of age (previously 65 in 2010). Between 2004 and 2008, the duration of contributions from civil servants to obtain a full pension was more or less in line with that of the private sector, passing from 37.4 years to 40. Since 2009, the duration of contributions has been gradually

lengthened for everyone, arriving at 41 years in 2012. It is possible to retire between the age of 62 and 67; however, if the worker has not made the necessary number of years of social security contributions, then the pension will be reduced.

In the civil service, agents are obliged to retire at 67 years of age (except for dangerous or difficult jobs). In the private sector, since 2010, an employer can place an employee in retirement (against his/her will) at 70 (previously at 65). It is a possibility and not an obligation. There are three circumstances of anticipated retirement:

1. Due to handicap. All registered handicap workers can take retirement from the age of 55, in certain conditions.
2. For difficult careers. Since 2010, all workers who can justify at least 20% incapacity to work due to the difficulty of their working career can take early retirement. In at least 10% of cases, these workers can retire at 60.
3. The law of 21st December 2011, dealing with the financing of social security, provided for the acceleration of the pension reform of 2010. The legal retirement age for an automatic right to a full state pension is to increase from 62 to 67 by 2017, instead of 2018.

It is important to note that since 2010, early retirement for civil servant parents with three children and 15 years of career has been abolished.

2.2.2 Retirement benefits

How large is the old-age pension? Give the absolute average measure of the old-age pension.

Since 2004, retirement pensions are revalued on the 1st April of every year, depending on inflation. The size of the average pension is rising each year at a rate of 3% between 2004 and 2011. The average gross pension in 2011 was 1.256 € a month, whereas it was 1.029 € in 2004. Therefore there has been an increase of 22% in seven years. The average pension income of women is clearly inferior, with 932 € a month compared to 1.603 € in December 2011. These averages do not represent the profound differences between different pension schemes (see following table).

Table 3: Gross average monthly pension

Year	Together (€)	Rate of change	Men (€)	Women (€)
2004	1.029		1.338	730
2005	1.062	+3.2%	1.378	756
2006	1.100	+3.5%	1.420	789
2007	1.135	+3.2%	1.459	820
2008	1.174	+3.4%	1.500	857
2009	1.194	+1.7%	1.524	877
2010	1.216	+1.8%	1.552	899
2011	1.256	+3.3%	1.603	932

Source: DREES, 2013

*Describe how it is in general calculated.*²⁹

One of the main differences between private and public sector pension schemes is in their calculation. In the private sector, a full pension is calculated over the last 25 best years of salary, whereas a state pension is calculated over the last six months of work in the public sector. In other words, a full pension equivalent to 50% of calculable salary compared to 75% in the public sector. Nevertheless, in the private sector (and not in the private sector) this calculation includes the whole of the salary, including bonuses. Since the pension reform of 2003, these differences between public and private pensions have been reduced. Since 2005 a new compulsory point system has created premiums for civil servants of three public offices. This system enables civil servants to their pension using their bonuses and allowances within a limit of 20% of their grade related treatment. It is an additional section to the RAFP (*Fonction publique sur les primes*), which complements the pension scheme.

In the public sector, pensions are calculated as follows: the last gross salary obtained at least six months prior to the proposed end of contract, multiplied by 75% for each period needed to

²⁹ Pensions systems are extremely complicated and one can often combine state minimum pension, pensions paid by the employee and the private savings in specific retirement funds. Keep the description simple or provide some reference to the source which describes the method in English.

benefit from a full state pension. The entire period of social security contributions is taken into consideration in the calculation and liquidation of pensions. Before 1st January 2014 it was also possible to talk of a liquidation period, with extra professional or personal contributions, such as an extra year for childbirth or adoption. This measure was abolished in 2003. For private sector workers, enrolled in the general system of the welfare state, full pensions are calculated as follows: the average of the best wages (with their social security contributions) over 25 years of working career multiplied by 50% for the length of time that contributions to social security have been made. As in the public sector, if the duration of the years of contribution is insufficient, the amount is reduced, and on the contrary, if the amount is superior then the pension is larger.

Report also the minimum pension, if applicable. Is there a measure of a means-tested benefit for pensioners with incomes below a given threshold (minimum vieillesse), if yes, specify the threshold (relative to average income in the country).

A minimum pension gives disadvantaged pensioners (aged at least 65) access to a minimum salary (from the age of 60 for war veterans, the unfit to work, mothers from working class family who have raised at least three children, workers with 120 trimesters of contributions, and those who can prove manual work for at least five years in a 15-year period). Until the beginning of 2007, the minimum pension was composed of two fold mechanism: on the one hand, access to pension, and on the other, access to ASV, a supplementary allowance to the minimum pension. Since January 2007, following the minimum retirement reforms, there are two allowances that allow for the qualification to a minimum pension: ASV, which continues to be granted to those who already received it before the reforms, and the ASPA (an allowance for elderly people, for new pensioners, combining the previous two fold mechanism).

ASPA is subject to certain residential conditions: minimum residency of six months in France during a calendar year. A foreigner must hold a valid residence permit. From 1st April 2014 the amount of minimum pension stands at:

- for a person living alone (single, separated, divorced, widowed (except war widowed)) the maximum annual pension is 9.504€ (792€ monthly);

- for a couple (married, in civil union (PACS), or cohabiting), the maximum annual pension is 14.755.32€ (1.229.61€ monthly).

These figures can be compared with an average working salary: 2.128€ net in 2012, or a median salary of 1.712€ net in 2012.

2.2.3 Elderly care services

Is there a public elderly care (residential home for elderly, nurses' assistance at home)? If yes, how large is the required co-funding?

Under certain conditions, elderly dependent people could be accommodated in a specialist residential structure with medical care, formerly known as an old people's home. Nowadays this structure is called an 'Ehpad' (*Etablissement d'hébergement pour personnes âgées dépendantes*), and can be public, associative or private. In order to be eligible for an Ehpad, it is necessary to be over 60 and to be completely dependent, with no personal autonomy. Certain regions have agreed special conditions to allow persons under 60 to have access to an Ehpad. In all cases, the elderly person must be resident in France, and foreigners must possess a valid residence permit.

Eh pads are classified into three tariff categories:

1. Accommodation tariff: this covers all administrative costs, housekeeping, catering, personal care and entertainment. These services are not linked to the level of dependence of the person, therefore they are available to all residents in the same institution, where everyone is guaranteed the same level of comfort.
2. Dependency tariff: this covers all the aid and surveillance necessary for everyday living. This tariff is calculated by the doctor who evaluates the degree of dependence of the elderly person. The more dependent the person is, the costs are higher and this tariff increases.
3. Medical care tariff: this covers the costs of all medical care offered to the elderly person within the institution. It is paid directly to the institution by the national health

insurance and not by the elderly resident. Nevertheless, this tariff does not include outside specialist medical visits which are payable by the patient.

All accommodation fees are payable by the elderly person, and are on average 2.200€ a month in the Ile-de-France region, and between 1.500€ and 1.800€ in other regions. In Paris, an old people's home could cost between 2.700€ and 4.600€ per month. If an elderly person cannot pay the totality of the accommodation fees, common law provides for the intervention of help from the patient's family. Primarily, the patient's spouse (or civil PACS partner) must intervene to help with the costs (cohabitants are exempt from this obligation). If financial aid from the spouse or civil partner proves to be impossible, then the costs fall upon other family members (sons, daughters, niece, nephews, etc.), in other words, all descendants in direct line. Even grand-children can be summoned to pay their grandmother/father's old people's home. There are no obligations placed on the brothers or sisters of the elderly person in question, or other extended members of the family. Marriage bonds also impose the same obligation, therefore the spouse must pay for the mother/father-in-law's costs. This obligation ends with divorce or widowhood (in the latter, except if a child was born in this union). If the earnings of the family members are not sufficient, then the elderly person can apply to the social services of the local town council for financial help. A social survey is undertaken and if successful, an amount is agreed to cover the accommodation costs of the Ehpad. In this case, 90% of the elderly person's resources (including accommodation allowance) must be transferred to the old people's home. The remaining 10% is left to the elderly person's disposition, and cannot amount to less than 95 € a month. Once the possible contribution from the elderly person has been established, the maintenance contribution/alimony from other family members is calculated (taking their salaries, family situation and health into consideration). The remaining amount is covered by social security aid. The enforcement of the maintenance/alimony obligation is decided by the regional authorities: in some regions, it can also prove to be more advantageous than national law. For example, certain regions never oblige the grand children to maintenance/alimony. Every two to three years, according to the region, the dossier is reviewed and the family resources are re-examined, leading to the possible modification (increasing or decreasing) of the maintenance obligations of the family members concerned.

Social security aid to accommodation for elderly people cannot be inherited by the family after the death of the beneficiary. In fact, inheritance could be drastically reduced, taking back

all the social security aid previously given. This appeal to social security aid is not systematic and depends on the decision of the regional authorities. Before receiving their inheritance all family members are informed by a solicitor of all claims to previous social security aid.

Furthermore, and more generally, elderly people can receive Apa (a personalized aid offered to the elderly who have lost their autonomy), and Aspa (the national minimum state pension), if they have low incomes. They can receive Asi (supplementary invalidity allowance) if they are invalid and have not yet reached to legal retirement age. They can also receive home help or the home delivery of meals (meals-on-wheels), all paid by the social security.

Apa was created in 2002 and partly covers all the expenses necessary to assist an elderly person in all basic daily activities, or a regular surveillance if needed either at home or in an Ehpad, covering the dependence costs or treatments. This aid is given by the departmental/regional councils. It is necessary to be at least 60 and to require assistance with the fundamental aspects of living and daily routine, and also to be a French citizen or to have French residency or to be a foreigner with a valid residency permit. Qualification for Apa is not means-tested; however, depending on the resources of the elderly person, a variable part of the contribution to the costs of guaranteeing autonomy is left to the patient. The amount of the Apa allowance is exactly the same as the planned costs of help needed to create autonomy. Therefore, this amount depends on the nature of and the quantity of aid needed and the resources of the elderly person in question. There is a monthly upper limit fixed on this, currently at 562.57€ (Category 4), 843.86€ (Category 3), 1.125.14€ (Category 2), 1.312.67€ (Category 1). The minimum amount is 28.59€, and below this, the allowance is not paid. The right to receive Apa depends on the elderly person's revenue, and does not depend on where they are resident, their spouse, cohabitant, civil (pacs) partner, children, or grandchildren. If the beneficiary lives in a couple, then the revenue of the spouse, cohabitant or civil partner is taken into consideration.

Table 4: Amount of Aid

Benefactor's monthly revenue	The contribution of the benefactor
Less than or equal to 739.06€	No contribution
More than 739.06€ and less than	Participation varies progressively from 0 % to 90 % of

or equal to 2 945.23€	the total amount of the aid plan according to the following calculation: $A \times [(R - 739.06 \text{ €}) / 2.206.16 \text{ €}] \times 90\%$
More than 2.945.23 €	Participation equal to 90 % of the total amount of the aid plan.

A: Amount of aid.

R: Beneficiary's revenue.

Apa is awarded without any given time limit. It can be paid to the individual recipient or to the agreed local home help services. If the beneficiary requires admission to an institution, then the contribution from the beneficiary is different. (In 2014: Gir (*groupe iso-ressources*) 5 and 6 = 7.02€ daily).

Table 5: Amount of Apa contribution to the establishment.

Classified in three revenue categories.	
Benefactor's monthly revenue	The contribution of the benefactor
Less than or equal to 2.437.81€	Contribution is equal to the dependency tariff of the establishment for Gir 5 and 6.
More than 2.437.81€ and less than or equal to 3.750.48€	Contribution combines the amount of the tariff relevant to Gir 5 and 6 and varies progressively from 0% to 80% according to the following calculation : $A \times [(R - 2.437.81 \text{ €}) / 1.312.67 \text{ €}] \times 80 \%$
More than 3.750.48€	Contribution combines the tariff amount applicable to Gir 5 and 6 plus 80% of the dependency tariff of the establishment corresponding to the Gir in which the benefactor is classified.

A: Dependency tariff given by the establishment corresponding to the Gir classification of the beneficiary.

R: Beneficiary's revenue.

A minimum monthly amount of 95€ must be left to the beneficiary, who receives either home help or who resides in an establishment. Furthermore, if the beneficiary's spouse, cohabitant or civil partner (pacs) continues to live in the family home, then he/she must conserve a

minimum part of the Apa (fixed at 791.99€ for a couple). Contrary to Aspa (see above) and social security, Apa is irredeemable and cannot be drawn alongside social security benefits (see above).

Aspa (French state pension) is given to all elderly persons with low revenues, in order to guarantee a minimum level of income. It replaces the *minimum vieillesse* state pension since 2006. Aspa is available to all elderly people age 65 and more. This age limit has been lowered for certain categories, particularly the unfit to work, or with working capacity reduced by 50%, or elderly who also claim handicap benefits. In order to claim Aspa, it is necessary to live regularly in France. A foreigner must: have possessed a residential and work permit for at least 10 years; or be a refugee; or be a national from a member state of the European Area or Switzerland.

The amount of Aspa granted depends on the revenue of the elderly person and their family situation. Individual revenue is taken into consideration and also that of the spouse/cohabitant/civil partner. The last three months of revenue (from the starting date of Aspa) is considered.

Revenues must not be above the following limits:

Table 6: Revenue limits

Household	Annual revenue (€)	Monthly revenue (€)
A person living alone	9.503.89	791.99
Couple	14.755.32	1.229.61

The amount of Aspa depends on the resources and the family situation of the applicant.

Table 7: A person living alone

Annual revenue (€)	Amount of Aspa (€)	
Annually	Monthly	
None	9.503.89	791.99
Less than 9.503.89	The difference between 9.503.89 and the annual revenue	One twelfth of the difference between 9.503.89 and the annual revenue
More or equal to 9.503.89	No allowance	

An unmarried couple

Table 8: If one member of the couple receives Aspa

Annual revenue of couple (€)	Amount of Aspa (€)
Less than or equal to 5.251.43	9.503.89 each year (791.99 each month)
Between 5.251.43 and 14.755.32	The difference between 14.755.32 and the annual amount of the couple's revenue
More than 14.755.32	No allowance

Table 9: If both couples receive Aspa

Annual revenue of the couple (€)	Amount of Aspa (shared in the couple, €)
None	14.755.32 each year (1.229.61 each month)
Less than 14.755.32	The difference between 14.755.32 and the annual amount of the couple's revenue
More than 14.755.32	No allowance

Table 10: If one of the couple receives the former Aspa *minimum vieillesse*

Couple's revenue (€)	Amount of supplementary allowance of the ex-basic pension (€)	Amount of Aspa (€)
Less than 14.755.32	The difference between 9.503.89 and the annual amount of revenue of the benefactor of the allowance	The difference between 14.755.32 and the annual amount of the couples' revenues including supplementary allowance.
Equal to or more than 14.755.32	No allowance	No allowance

Married couple

Table 11: If one of the couple receives Aspa

Couple's annual revenue (€)	Amount of Aspa (€)
Less than or equal to 5.251.43 a year (437.62 a month)	9.503.89 a year (791.99 a month)
Between 5.251.43 and 14.755.32	The difference between 14.755.32 and the annual amount of the couple's revenue

More than 14.755.32	No allowance
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Table 12: If both members of the couple receive Aspa

Couple's annual revenue (€)	Amount of Aspa (shared in the couple - €)
None	14.755.32 a year (1.229.61 a month)
Less than 14.755.32	The difference between 14.755.32 and the annual amount of the couple's revenue
More than 14.755.32	No allowance

Table 13: If one of the couple receives the supplementary allowance ex-basic pension (*ex-minimum vieillesse*)

The couple's revenue (€)	The amount of supplementary allowance of the ex-basic pension (€)	Amount of Aspa (€)
Less than 14.755.32	The difference between 14.755.32 and the amount of the couple's annual revenue	The difference between 14.755.32 and the annual amount of the couple's revenue, including the supplementary allowance.
Equal to or more than 14.755.32	No allowance	No allowance

Reclaiming inheritance/*récupération sur succession*

All payments made towards Aspa are retrievable after the death of the beneficiary, on the inheritance, if the net amount is above 39.000€. This retrieval is limited to a fixed yearly sum depending on the family size: 6.123.94 for a person living alone and 7.995.40€ for a couple.

Asi (Invalidity allowance) is granted under certain conditions, to disabled pensioners or the disabled who have not yet reached the retirement age for Aspa (state pension). Since 2006, Asi replaces the former state pension, *minimum vieillesse*). The applicant must reside regularly in France, and a foreigner must meet these conditions: to possess a living and work permit for at least 10 years, to be a refugee, or a Swiss citizen, or to be from a member of the

European Economic Union. The applicant must have a disability that reduces capacity to work by two thirds. The amount granted depends on the resources and the family situation of the applicant. The revenue of both the applicant and the adjoining couple are taken into consideration. The calculation is made on the three months preceding the effective date of Asi.

Table 14: Conditions of resources according to family situation

Family situation	Maximum income
If you live alone	8.424.05 € a year
If you live in a couple	14.755.32 € a year

Table 15: Amounts for people living alone

Income	Amount of Asi
Less than or equal to 3.579 € a year (298.24 € a month)	4.845.17 € a year (403.76 € a month)
Between 3.579 € et 8.424.05 € a year	The difference between 8.424.05 € and the annual amount of revenue
More than 8.424.05 € a year	No allowance

Table 16: A Couple (married, civil union, cohabitants) with one benefactor of Asi

Couple's income	Amount of Asi
Less than or equal to 9.910.15 € a year (825.85 € a month)	4.845.17 € a year (403.76 € a month)
Between 9.910,15 € and 14.755.32 € a year	The difference between 14.755.32 € and the annual amount of the couple's revenue
More than 14.755.32 € a year	No allowance

Table 17: A married couple with two benefactors of Asi

Couple's income	Amount of Asi (shared in the couple)
Less than or equal to 6.760.04 € a year (563.34 € a month)	7.995.28 € a year (666.27 € a month)
Between 6.760.04 € and 14.755.32 € a year	The difference between 14.755.32 € and the

	annual amount of the couple's revenue
More than 14.755.32 €	No allowance

Table 18: Civil union couple or cohabitants with two benefactors of Asi

Income	Amount of Asi (shared in the couple)
Less than or equal to 5.064.98 € a year (422.08 € a month)	9.690.34 € a year (807.53 € a month)
Between 5.064.98 € and 14.755.32 € a year	The difference between 14.755.32 € and the annual amount of the couple's revenue
More than 14.755.32 €	No allowance

The right to Asi ends in the moment that the beneficiary attains the legal retirement age and can receive Aspa state pension. All contributions made to Asi are retrievable after the death of the recipient, through his/her inheritance (if the net amount is more than 39.000€). This retrieval is limited to a fixed yearly sum depending on the family size: 6.123.94€ for a person living alone and 7.995.40€ for a couple.

Deductions for social aid, and domestic aid or home help can be requested. In both cases, the applicant must reside regularly in France, in other words, to have a fixed address or to have lived more than six months (180 days) in France during a calendar year of social security contributions. A foreigner must possess a residence permit for at least 10 years and to have lived in France without interruption for at least 15 years before the age of 70. It is necessary to meet the following conditions: to be at least 65 (or 60 for the not fit to work), to need material help in order to undertake basic domestic tasks of personal necessity and to stay at home, and not to be receiving Apa (a personal autonomy allowance). The number of hours attributed depends on the individual needs. Personal domestic home help is paid by the department that deals with social aid if the monthly revenue is inferior to 791.99€ for a person living alone, and 1.229.61€ if the person is in a couple. Or it is paid by the pension fund if the monthly revenue is superior to these amounts.

In both cases, an economic contribution might be requested, and is revenue means testes. If the applicant concerns the social security department, then the amount of contribution is decided by the departmental council. If the applicant concerns the pension fund, it is the fund

itself that fixes the contribution scale. For information only, the table below indicates the revenue scale and the pension contributions:

Table 19: Revenue threshold and pension contribution CNAV 2014

Monthly revenue	If you live alone
Less than 836 €	10 %
From 836 € to 894 €	14 %
From 895 € to 1.009 €	21 %
From 1.010 € to 1.090 €	27 %
From 1.091 € to 1.140 €	36 %
From 1.141 € to 1.258 €	51 %
From 1.259 € to 1.423 €	65 %
From 1.423 € to 1.451 €	73 %
From 1.452 € to 1.549 €	73 %
From 1.550 € to 1.696 €	73 %
From 1.697 € to 1.754 €	73 %
From 1.755 € to 1.818 €	73 %
From 1.819 € to 1.921 €	73 %
From 1.922 € to 2.134 €	73 %
Over 2.134 €	73 %

All payments made in the quality of reimbursing medical expenses are retrievable after the death of the beneficiary, on his/her inheritance, on the net assets superior to 46.000 €.

Lastly, local aid (agreed by the regions) also exists in the form of access to subsidized canteens or in free meals. It is necessary to be at least 65 (or 60 for a person unfit to work). These canteens offer cheap meals to elderly people whose revenue is less than 9.503.89€ per year. The local council can also organize meals to be delivered at home (meals-on-wheels) if the elderly person cannot leave his/her home for health reasons. This type of aid cannot continue for more than five years and the cost is supported by the individual person and the local council.

It is also important to mention, amongst one of the important measures taken to improve the situation of the elderly and the disabled, the law of 30th June 2004 created a Solidarity Day. This is an extra day worked by all employees (and not paid) and a secure contribution from the employers' salaries.

How long is the maximum waiting time for a place in residential home for elderly?

In most cases, the residential homes for elderly claim that they are 100% full. Therefore it is important to apply as early as possible. Public residential homes tend to cost less and the waiting list is estimated at between six months and one year. In private residential homes this waiting times is reduced.

Does the right for these forms of care differ on basis of citizenship or residence?

The elderly person concerned must reside in France. If he/she is a foreigner then a residence permit is necessary. In order to receive domestic help, it is also necessary to reside in France without interruption for at least 15 years before the age of 70.

2.3 Care of disabled people

2.3.1 Disability pension and care

Who is eligible for disability pension and care?

There are two measures to determine disability allowance (which may be put in place simultaneously on the condition that both allowances together do not exceed the maximum amount fixed by the AAH (benefits for disabled adults)). Additionally, the disability law of 2005 created benefits for the disabled (PCH), and this can also be drawn simultaneously.

The aim of AAH is to financially assist disabled persons (of modest conditions), who cannot gain access to invalidity or retirement. In order to qualify for AAH, the applicant must: be subject to a permanent disability of at least 80% (or between 50% and 79% with difficulties in finding employment) ; be at least 20 years of age (or more than 16 if the disabled person is no

longer under the care of his/her parents); not be in the possession of a disability pension or a state pension, or an accident at work compensation wage; have access to a revenue which is below a certain amount (see the table below).

Table 20: AAH ceiling

Family situation	No supported children
If you live alone	9.482.16€
If you live in a couple	18.964.32€

In the case of disability of between 50% and 79%, the payment of AAH ends once the required minimum age to retire has been reached. At this age, the disabled person is in the pension system for in-aptitude. In the case of a disability of at least 80%, a differential AAH (reduced monthly allowance) might be paid beyond the minimum age for retirement alongside a pension that is less than the minimum state pension.

The 2005 law created two new additions to AAH: an addition to revenue and an additional allowance for more autonomous living. Similarly, it improved the number of AAH with mainstream revenue.

The disability pension is given to all persons whose capacity to work is reduced by at least two thirds after an accident or illness that is not work related. Its main aim is to compensate for the loss of a salary, under certain conditions: to be registered with the social security for at least one year preceding the actual date of the disability; to have made social security contributions of at least 2030 times the minimum national wage (SMIC) during the 12 previous months, or to have worked at least 800 hours over the same period; and to have not yet reached the legal age for retirement.

Compensatory disability benefit (PCH) is a personalized allowance destined to finance the personal needs of disabled people as regards their loss of autonomy. This benefit covers personal assistants, material help (accommodation and car) and assistant animals (such as guide dogs). It is possible to benefit from PCH both at home and in an establishment. The payment of PCH depends on revenue, age, and the degree of disability and autonomy of the person. All disabled persons over 60 can benefit from PCH.

From December 2006 until June 2012, the number of beneficiaries of disability benefits increased from 139.000 to 223.000, a 9% annual increase. This is mainly the result of the implementation in January 2006, of the PCH, which reached 143.000 people in June 2012. Furthermore, there has been a slight decrease in the average amount of PCH (775 € in June 2012).

Do residents and non-residents have the same rights?

Yes. In order to qualify for AAH and PCH it is sufficient to be a permanent resident in France, and for foreigners to be in a regular situation. Disability pension is available to all insurers, under certain conditions (see above).

2.3.2 Benefits

How large is the disability pension? Give absolute average measure and relative to the prior salary (if applicable).

The maximum amount of AAH (2014) is 790€, 18€ monthly for disabled people without revenue. This amount is reduced if the disabled person already receives a disability pension, a state pension or an accident at work allowance, and is equal to the difference between the average monthly revenue and the basic AAH. If the beneficiary resides in a health establishment, then he/she receives only 30% of the allowance, 237€. In case the beneficiary leaves the establishment, then the benefit is paid in full again.

The amount of disability pension varies according to the 10 best yearly salaries earned (with social security contributions) and the work category. Category 1: the insurer is able to perform a paid professional activity; Category 2: the insurer is no longer able to perform a paid professional activity; Category 3: the insurer is no longer able to perform a paid professional activity and his/her health situation requires help in performing basic daily tasks. The calculation is made as follows: 30% of the average yearly salary from the best 10 years of their career – for the disabled who are able to work (Category 1); 50% of this salary for the disabled who are not able to work (Category 2); 50% of this salary for the disabled who are

unable to work and who need help in order to carry out basic daily tasks (Category 3). The insurers in Category 3 have the right to an increase ‘third party increase’, with an amount of 1.096.49€.

Table 21: Minimum amount of disability pension (2013)

The insurer’s situation	Minimum monthly amount
Category 1 disabled pension	279.98 €
Category 2 disabled pension	279.98 €
Category 3 disabled pension	279.98 € + 1.096.49 € (additional third party allowance)

Expenses are covered by the PCH at 100% if the annual revenue of the disabled person is less than or equal to 26.473.96€ annually. If the salary is large, then only 80% of expenses are covered. The amount depends on the expenses covered. There are six expenses that are applicable to the disabled living at home or in an establishment.

Table 22: First Expense. Personal assistance (the disabled person is helped by a third party)

Aid	Full rate	Part-time rate
Direct third party assistance	100% of fees with a limit of 12.39€ an hour	80% of fees with the same hourly tariff limit
Intervention of a certified service	100% of fees with a limit of 17.59€ an hour	80% of fees with the same hourly tariff limit
Intervention of an authorized and tariffed service	100% of the tariff of the service	80% of the tariff
Family caregiver	3.65€ an hour and up to 5.48€ an hour if the caregiver has abandoned or reduced his/her professional activity and 100% of all the costs involved	80% of the costs with the same tariff limit

The second expense is Technical Aid. This is used to share the costs of the purchase or renting of material necessary to the disabled. The amount refunded differs according to the type of material needed, and if this material is not already on the list of products refunded by the social services (LPPR).

Table 23: Third Expense. Housing assistance

Form	Full rate reimbursement	Partial rate reimbursement
Building works up to 1.500€	100% of the costs with a limit of 10,000€ each 10-year period	80% of the costs with the same tariff limits
Building works more than 1.500€	50.00% of the costs with a limit of 10,000€ each 10-year period	80% of the costs with the same tariff limits
House removal fees	100% of the costs with a limit of 3.000€ each 10-year period	80% of the costs with the same tariff limits

Table 24: Fourth Expense. Transport assistance (granting of a vehicle for daily use by the disabled either as the driver or as the passenger)

Aid	Full rate reimbursement	Partial rate reimbursement
Cost of converting a vehicle at a maximum of 1.500€	100% of costs, limited to 5.000 in a five-year period	80% of the costs with the same limits
Cost of converting a vehicle at more than 1.500	75% of costs, limited to 5.000 in a five-year period	Same conditions
Extra costs for transport in a private car	100% of costs, limited to 0.50 € a km and 12.000€ in a five-year period	80% of the costs with the same limits
Extra costs for transport with other methods of transport	75% of costs, limited to 5.000 in a five-year period	Same conditions

Table 25: Fifth expense. Specific or exceptional aid (for example, the cost of maintenance of a wheelchair or the repairing of a healthcare bed).

Aid	Full rate or partial rate reimbursement
Specific charges	75% of the costs with a limit of 100€ a month
Exceptional charges	75% of the costs with a limit of 1.800€ in a three-year period

The final sixth expense refers to Domestic animal assistance (for example, guide dogs for blind people). A limit of 3.000€ for each five year period is applied.

2.3.3 Services

Is there a public care (residential house, home assistance) for disabled people?

The law of 11th February 2005 is one of the most important written texts that deals with the rights of disabled people. It created a departmental handicapped home in each department (MDPH), under county council powers. Its mission is to welcome, to inform, to accompany and to give advice to disabled people, their families and also to raise public awareness on disability in general. Each MDPH possess a multidisciplinary team, who evaluate the needs of the disabled person, and a Commission for the rights and autonomy of disabled persons (CDAPH) that makes decisions relative to all human rights.

PCH is one of the most fundamental principles of law. In this way, the disabled person has the right to compensation for the consequences of his/her disability, whatever the origin or the nature of this deficiency. Henceforth, the life project of the disabled person is highlighted and in accordance to this, a compensation plan is created. One of the main innovations of this law is the guarantee that every child and adolescent with a handicap or with special needs, is enrolled in his/her local school, with the possibility of being received afterwards in another establishment, depending on their personal project. The obligation to employ a disabled person is still at 6%, and the sanctions are now harsher for the companies who do not respect this.

Without forcing the debate on public services, several residential structures for disabled people are offered. For short stay, which offers no medical assistance, there are three possibilities: a temporary institution, supported housing or vocational centers which offer entertainment and activities to disabled adults, or care homes for disabled workers, offering accommodation and support to disabled people who work during the day. For long stay establishments with medical support, (FAM) residential healthcare centers accommodate adults with severe handicap who need assistance in order to undergo daily basic activities, and continuous medical support. MAS specialist care homes offer permanent accommodation to seriously dependent disabled people and if necessary, medical and social assistance is offered.

How large is the required co-financing?

For temporary accommodation, the costs are fully covered for disabled children and adolescents (they are insured by the national health insurance), or partially covered for adult disabled. The daily economic participation which is left to the disabled adult rests at 18€ for each overnight stay in a care center or 12€ for day care.

As regards supported housing or vocational centers, the costs are usually paid by the disabled person and are calculated according to revenue with an upper limit to allow personal access to a minimum financial aid equivalent to 10% if it concerns a full board accommodation. This amount cannot be less than 30% of the monthly AAH allowance. In view of the amount that must be left personally to the resident, any outstanding accommodation or maintenance fees are to be paid by the social security department.

As regards the care homes for disabled workers, the costs are equally mostly paid by the beneficiary depending on revenue. Nonetheless, a minimum of revenue is left to the disabled person, and is equivalent to 10% of their revenue, if they are in full board accommodation without working. It cannot be inferior to 30% of the monthly amount of AAH allowance (in other words, 237€) or up to one third of their guaranteed revenue earned from a professional activity or equivalent (a training period or vocational rehabilitation or unemployment benefit), and to which 10% of other revenue is added, leaving an amount for personal use which cannot be less than 50% of AAH (395.09€). In view of the amount left to the resident for personal use, any left over accommodation fees are paid by the social security department. All

contributions made to the social security cannot be retrieved with inheritance or in the case of an improved financial position.

As regards long stay establishments with medical support (FAM), the financial contribution of the resident depends on revenue. Nonetheless, a minimum revenue is left to the disposition of the disabled resident. This minimum is equivalent to 10% of his/her revenue, if accommodated in a full board residence without working, and this amount cannot be inferior to 30% of the monthly AAH allowance. In view of the amount left to the resident for personal use, the remaining accommodation costs are covered by the social security department. In case of death, social security contributions cannot be retrieved through inheritance, unless the inheritors are: spouse, children, parents, or a designated long-term carer. No amount can be retrieved in the case of constant improvement in the financial situation.

In the case of specialist care homes (MAS), daily fees are paid nearly in full by national insurance. A small economic contribution is left to the disabled person, of 18 € daily, established since January 2010.

Is there a regulated maximum waiting times for a place, if yes, report how many months?

No, there is no legal waiting time. In practice, the waiting time can be long (months or even years in certain cases), despite the creation of more places in the last few years.

Is there an option for home-care, if yes, how this is regulated/compensated?

The 2005, disability law hoped to encourage home care for disabled people, mostly thanks to PCH (see above).

In other respects, the disabled can receive the same domestic aid as elderly people: domestic help, access to subsidized canteens, and meals delivered to the home.

Finally, a system of fostering (family placement) exists, which acts as a compromise between remaining at home and a placement in a specialist handicap establishment, giving the disabled adult the opportunity to live in a caring family situation and helping their social integration

and social relationships. The foster careers are agreed to by the local council and do not receive any direct financial aid.

2.4 Poverty measures

2.4.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for poor (e.g. allowances for heating, electricity, food)? Please list only means-tested measures and follow a structure: the name of the instrument; who is eligible; what exactly one is entitled to receive (e.g. financial aid, a service based on caseworker's discretion).

Since 2005 a basic necessity tariff (TPN) for electricity was introduced, and a special solidarity tariff (TSS) for natural gas. Both are available to the one main household, and their granting is means-tested. With TPN, the beneficiary receives an annual forfeit reduction applicable to the amount of the electricity bill, including VAT. This depends on the size of the type of power contract and the number of people in the household. With TSS, if the person has a contract with a gas company, he/she can qualify for an annual forfeit reduction applicable on the entirety of the gas bill, depending on the level of gas consumption and the number of people in the household.

If the person lives in a building with collective gas heating, which is paid in the shared utility costs, then the gas allowance is paid in a one off payment as an individual check. Both TPN and TSS allow the benefactor: free installation, and a 80% reduction in case of relocation after the gas/electricity has been cut off due to a failed payment.

Since 2004 it is also possible to receive financial aid towards telephone bills, and this is means-tested. There are two types of aid: financial aid/ social telephone reduction, which reduces the costs of annual subscription to the phone network; and exceptional aid in the case of failed payments. Benefactors of inclusion income support (RSA), adult handicap aid (AAH), specific solidarity aid (AAS) and war veterans can all benefit from electricity and gas aid. Since 2010, certain people can ask their local council for help in paying their water charges.

2: Basic welfare benefits (these are non-contributory benefits which are available to everyone, with or without social security contributions):

Inclusion income support (RSA): this in operation since 1st June 2009. It replaces the minimum income allowance (RMI), and allows for the accumulation of revenue from employment and from solidarity. Under certain conditions, it is open to people at least 25 years old and to the 18-25s if they are single parent, or if they can justify full-time work over a two-year period (at least 3.214 hours) in the three years preceding the date of application to RSA. This ‘young’ RSA makes a real rupture with the RMI, which was not available to young people under 25.

The amount depends on the composition of the household, and their revenues. Spouses, cohabitants, civil partners and children under 25 are all taken into consideration. If nobody in the household has earnings or resources, then a forfeit sum is granted. This is called *RSA socle*, a basic RSA. This amount is guaranteed and more abundant for single parents (or divorced, separated or widowed) with children or pregnant, and can be given for a 12-month period (continuous or not) in the 18 months after the event. If the youngest child is less than three, then the forfeit amount is increased and remains the same until the child is three. The forfeit amount for single parents depends on the number of children.

Table 26: Amount of basic *RSA socle*

Number of children	Person living alone (€)	Single parent (€)	Couple (€)
0	499.31	641.17	748.97
1	748.97	854.89	898.76
2	898.76	1.068.61	1.048.55
For each extra child	199.72	213.72	199.72

If the benefactor of RSA receives other income resources (such as unemployment benefit, daily allowances, or housing benefit), then the amount of RSA is equivalent to the difference between the basic RSA (*socle*) and the resources.

If the household has an active income, the RSA is given as an additional aid if this income is less than the minimum guaranteed. The amount of RSA is equivalent to the difference between the minimum guaranteed amount and the active revenue of the household. This is often called RSA *chapeau*, or active RSA. The minimum amount guaranteed depends on the salaries earned and the composition of the household. It is equal to 62% of active household revenues and the RSA *socle* according to the composition of the family.

For example, a couple with two children, earn a monthly salary of 1.180€. The minimum amount of guaranteed resources by the RSA is equal to $(1.180 \text{ €} \times 62\%) + 1.048.55\text{€} = 1.780.15\text{€}$. If the couple receives resources from other sources (unemployment benefit, daily allowances, housing benefits), then the amount of RSA granted is equal to the difference between the RSA calculated above, and these resources.

Specific solidarity allowance (AAS): established in 1984, this addresses the unemployed over 50 who have exhausted their rights to unemployment benefit, and who can justify at least five years of active salary during the 10 years preceding the rupture of their work contract. In order to qualify for AAS it is necessary to have the minimum retirement age, or the necessary age to automatically benefit from a full pension (when the conditions for minimum retirement age are not met).

Table 27: Amount of benefit for an unemployed person living alone

Revenue of the single benefactor	
Monthly revenue	Amount of ASS
Less than 644.40€	16.11€ multiplied by the number of days of the month (483.30€ for a 30-day month)
Between 644.40 € and 1.127.7€	The difference between 1.127.70€ and the amount of revenue (not granted if the monthly amount is less than 16.11€)
More than 1.127.7€	No benefit

Table 28: Amount of benefit for an unemployed person living in a couple

<i>Revenue of the benefactor in couple</i>	
Monthly resources	ASS amount
Less than 1.288.80€	16.11€ multiplied by the number of days in the month (483.30€ for a 30-day month)
Between 1.288.80€ and 1.772.10€	The difference between 1.172.10€ and the amount of revenue. (Not paid if it is less than 16.11€)
More than 1.772.10€	No benefit

If the benefactor of ASS returns to work for at least 78 hours each month, he/she can accumulate ASS with its payments for a maximum period of 12 months from the starting work date, under the following conditions:

Table 29: ASS in the case of an employment with less than 78 hours a month

Active gross monthly revenue	Amount of ASS from the 1 st to the 6 th month
Less than 722.69€	L'ASS paid in full
Equal to or more than 722.69€	The number of daily allowances is reduced to a number of days equal to 40% of all the gross payments exceeding 722.69€ divided by 16.11€.

For example, if the payment is 950€ gross monthly, then the number of days not compensated during the first six months of activity will be $950€ - 227.31€$. 40% of $(227.31€/16.11€) = 6$ days not reimbursed as part of ASS.

If the benefactor of ASS returns to work for 78 hours or more per month, then he/she can continue to receive full ASS for the first three months of working. Between the fourth and twelfth month, the amount of ASS is reduced, however he/she will receive a forfeit monthly bonus of 150 €.

A pension equivalent allowance (AER), (*L'allocation équivalent retraite*), was created in 2002. It is a replacement or complementary income aimed at job seekers who have not yet reached the retirement age but who can justify the number of quarters required for a full state pension. It is necessary to be registered on the unemployment list, and have access to job search within the job center.

The monthly allowance is equal to the daily amount (34.78€ each day) multiplied by the number of days in each month, 1.043.40€ for a 30-day month. The amount also depends on the revenue of the applicant and his/her spouse, civil partner or cohabitant. All taxable income is considered.

Table 30: Amount of AER replacement for a person living alone

Monthly revenue (€)	Monthly amount of AER (€)
Less than or equal to 626.04	1.043.4
Between 626.04 and 1.669.44	The difference between 1.669.44 and the amount of revenue
More than 1.669.44	No allowance

Table 31 : Amount of AER replacement for a couple

Monthly revenue	Monthly amount of AER
Less than or equal to 1.356.42 €	1.043.4 €
Between 1.356.42 € and 2 399.82 €	<p>The amount of AER varies according to the revenue of the spouse (unemployment benefit, work experiences). Three cases :</p> <p>No revenue. AER equals the difference between 2.399.82 € and the amount of revenue.</p> <p>Revenue superior to 1.356.42 €. AER equals the difference between 1.043.4 € and the amount of revenue (except partner's revenue)</p>

	Revenue less than 1.356.42 €. AER equals the difference between 2.399.82 € and the amount of revenue, including the partner's revenues.
More than 2.399.82 €	No benefit

Amount of complementary AER

In order to qualify for AER as a supplement, the applicant must have earnings of less than 1.043.40 € per month if he/she lives alone, and less than 2.399.82 € for a couple (1.043.40 € each). AER completes the applicant's resources to a 1.043.40 €. The partner's revenue is not taken into consideration. For example, if a couple earn together 2.100€ monthly (800€ from the applicant and 1.300€ from his/he partner). The amount of AER is 229.90€.

Since 1st July 2011, AER has been replaced by ATS a transitional solidarity allowance. The amount is the same as AER however, it is only available to the over 60.

Integration allowance (AI) was created in 1981 and consists of aid available to certain job seekers who, due to their situation, cannot receive other benefits. This usually concerns the following people: workers repatriated to France and who have worked at least 182 days in the last 12 months; people who have asked for political asylum and who have obtained refugee status; workers who suffer from a professional illness, or who are victims of a work-related accident and who are waiting for a change of profession; ex-prisoners who were imprisoned for more than two months (except offenders of pimping, drug dealing, kidnapping children, airplane hijacking, or who were imprisoned in a foreign prison). To qualify for AI, it is necessary to be looking for employment and to not have revenues of more than 887.40€ a month for one person or 1.774.80€ a month for a couple. If revenues are superior to this then the applicant might receive a differentiated allowance. The full AI benefit is of 10.04 € daily and is given for one year, however the dossier is revisited at the beginning of every quarter.

From 16th November 2006, the temporary waiting allowance (ATA) replaced AI. The main changes concern the revenue conditions, which have been lowered. Henceforth, in order to qualify for ATA the applicant must justify monthly revenue less than 499€ for a single person and 749€ for a couple (including civil partners and cohabitants). The daily amount of ATA is fixed at 11.35€ (in 2014).

Widowhood allowance (AV) was created in 1980 and concerns all surviving partners of socially insured deceased. The holder must be under 55 and resident in France, and must not be in a couple (remarried, in civil union). His/her last three calendar months of income before requesting AV must not be over 2.257.95 €, hence 752.65 € a month. The net amount of AV is 602.12 € a month. It is usually granted for two years, or until the holder is 55 (if he/she was less than 50 years old on the date of the partner's death). If the holder is active professionally, then it is possible to accumulate the AV revenue in a certain time limit.

Solidarity revenue (RSO) was created in December 2001 and is specific to France's overseas departments (DOM), and further extended in 2011 to overseas territories (TOM). It is granted to all people over 55 and under 65 years of age, receiving RSA for at least two years, who certify on his/her honor to leave definitively the labor market. The amount is currently at 492.03 € monthly. It is active in Guadeloupe, Guyana, Martinique and the Reunion, as well as in Barthélemy, Saint-Martin and Saint-Pierre and Miquelon. RSO acts as a kind of pre-pension, as has been increased compared to RSA, considering the employment situation in the DOM-TOM and the lack of opportunities for professional integration.

Food Aid: in 2013, nearly four million people relied on food aid distributed by charity organizations (compared to 2.8 million in 2004). These foodstuffs are made available to the neediest due to Food Aid programs, businesses and individuals or food products that have been left unsold. Food aid relies on two programs: PEAD, a European program to help the needy; and PNAA the national food aid program. The necessary foods are purchased through PNAA and PEAD, thanks to tender procedures undertaken by the state. These foodstuffs are then offered to the most in need through the intermediary charity associations designated by the Government. The law of 27th July 2010 legalized the food aid program and introduced new legislations. In order to receive public contributions for food aid, all associations must henceforth be authorized.

During the period 2014-2020, France will benefit from 500 million Euros of European funding for food aid, to which 88 million Euros of national funding can be added.

Aid to homeless people (SDF): due to the pressures of demand, a number of measures have been created to help the homeless, even creating a specific assistance system. Since 2004, the Reception, Accommodation and Integration Scheme (AHI), has the twofold objective to protect and to offer people in social difficulty, a global aid in order to help them back into the community. Firstly, measures are taken to give immediate aid, dignity and respect, in order to provide a more global, qualified and adapted long term assistance. This comprises of measures where the actors, coordinated by the state, are united by an extensive partnership. Measures include temporary accommodation for the homeless, and emergency shelters. Specific services in emergency shelter include: protection, bed, blanket, hygiene, consolation, and a medical and social visit. Emergency accommodation is available in two types: residential centers for the homeless, and teams of Social Watch.

Social Watch, in other words public groups concerned with the homeless problem, is offered by four entities: 115 (the national number for emergency accommodation for the homeless, available in all departments), the SAMU social mobile teams and the homeless day care centers.

The emergency care structures are situated in the Central Emergency Accommodations (CHU) or in the CHRS, which always reserves places for the homeless. More places are made available during the winter months and only short stays are permitted.

Since 1991, Aid for Temporary Lodgment (ALT) allowed the emergency accommodation capacities to develop. It was originally given to community social action centers, and gave accommodation to 15.000 homeless, with half of these placed in hotel rooms. Also since 1984, specific winter measures are taken each year. It is forbidden to evict during winter, and during winter, town councilors are able to increase the number of emergency beds available in school gyms, military buildings and metro stations. Mobile teams are also asked to increase their rounds in the winter months.

For the first time in 2008, the Minister for Housing and Urban Affairs in a debate about winter measures specified that “if a person refuses to be placed in a homeless shelter which he/she views as a danger, it is up to the agents to firstly try their best to persuade the person, and if this fails, they must contact the SAMU (or in Paris the Fire department), and make it

hospitalization necessary, with or without consensus. The obligation to assist an endangered person must be assessed by the actors on the ground and the SAMU doctors.³⁰»

2.4.2 Benefits and services

What anti-poverty measures are there and how large are they? Give absolute measures and relative to the average salary (if applicable). List also non-financial benefits like housing service for homeless, food-aid etc.

In total, 4.8 million people in France live under the poverty line if one takes as an indicator 50% of average income (803€), and this increases to 8.5 million people if one uses the 60% average income indicator (964€). For more than thirty years, the fight against poverty has been based on three pillars: access to employment, aid to guarantee a sufficient income in order to avoid social exclusion, and better access to social services.

Access to employment: a number of measures have been put into place: specific training for the disadvantaged, young, single women and long term unemployed; state-aided contracts or aided employment where the employer receives financial help to keep down the working costs; re-integration through work (IAE) which allows the unemployed in social difficulty and with particular professions to benefit from real work contracts. However, these measures have not produced the desired results.

Aid to income: faced with the increasing number of people on minimum welfare benefits and persisting mass unemployment, public powers have put in place measures of conditional aid (with RMI in 2004). Due to the rise in precarious jobs and part-time work, employment is no longer the only remedy to poverty. People who work for low incomes might find it wrong that people who don't work can receive benefits. In order to resolve this issue, Inclusion Income Support (RSA) was replaced by the RMI in 2009. If social inclusion through employment is crucial, then it must be supported by access to accommodation and medical care.

³⁰ Ministère du logement et de la ville, « Instruction du 17 octobre 2008 relative au dispositif d'accueil, d'hébergement et d'insertion pour la période hivernale 2008-2009 » (http://www.sante.gouv.fr/fichiers/bo/2008/08-11/ste_20080011_0100_0097.pdf).

Regarding accommodation, the DALO law (adopted in 2007) set up the right to lodge as a basic right, forcing the public powers to provide places to lodge and also obliging them to make public their results. This law brought about tangible results in areas where the housing market is not too strained. However, in other areas the situation was rather different, with a housing shortage problem. As regards access to healthcare, the Universal Health Cover (CMU) in 1999, meant that equality in access to public healthcare, especially for the most disadvantages, improved.

Globally, all national spending directly linked to the fight against poverty and exclusion is rather insufficient. In 2010, spending linked to minimum social benefits was 19.7 billion Euros, 3.2% of social protection spending and 1% of gross interior spending. The treatment of social exclusion by the RSA used 9.7 billion Euros, of which 6.9 billion were dedicated to the *RSA socle*. This amount increased by 35% over the period 2006-2010. It is necessary to add to this spending housing allowances that in 2010 were 16.2 billion Euros.

Social transfers play an essential role in helping people come out of poverty, or not to fall into it. This is particularly the case for taxes and social benefit schemes that reduce the rate of monetary poverty by on average eight points, making France one of the countries with the highest social redistribution. From initial revenue (before redistribution) to available revenue (after redistribution), the reduction of eight points is composed of two points for the payment of taxes and six points for the social benefits. At the heart of these contributions, family benefit contributions reduce poverty by two points, housing allowance by an extra two points and the minimum social benefits for the very poor, also by two points.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES:

1945: 4th October – Implementation of a social security scheme.

1949: 2nd August – Aid to social rehabilitation and access to professional information for all crippled, disabled.

1950: 23rd August – The guaranteed minimum inter-professional wage decree (SMIG).

1956: 28th February – Law for the introduction of the third paid holiday week.

1956: 16th July – Creation of the national fund for retirement.

1971: 16th May – Law establishing the fourth week of paid holiday.

1975: 30th June – Framework Law in favor of disabled people and the creation of Allowances to disabled Adults (AAH). It was established, after repeated discussions on minimum revenue before being guaranteed to people considered as being definitively inactive, and mostly providing people who have never worked with a minimum income.

1982: 16th January – Implementation of the 39-hour working week and five weeks of paid holiday.

1982: 26th March – Regulations relative to part-time work and the lowering of retirement age.

1987: 10th July – Law in favor of employment of disabled in companies with more than 20 employees becomes an obligation, full-time or part-time, 6% between them.

1988: 1st December – Law Minimum Insertion Income (RMI).

1990: 13th July – Law against the discrimination of people because of their health status or their disability.

1993: 22nd July – Law on the Pension scheme.

1997: 16th October – Law for the development of employment for young people, creating new services in order to create new jobs, with socially useful employment and employers working closely with the state services.

1998: 29th July – Law aimed at the fight against exclusion.

1999: 27th July – Law creating the Universal Health Coverage (CMU).

2001: 9th October – Law imposes the recruitment of disabled persons in State Administration, over a three-year period, to a level of 6%.

2002: 17th January – Law for Social Modernization, with compensation for the congenital disabled. This law also set up advisory boards for the disabled (CDCPH), with the aim to make proposals on local politicians.

2003: 6th November – Solidarity plan in favor of dependent people, elderly or handicap.

2003: 21st August – Reforms to the pension schemes, except special pension schemes.

2004: 30th June – Solidarity law for the autonomy of the elderly and disabled.

2005: 18th January – Planning act for social cohesion.

2005: 11th February – Law for equal rights and opportunities, participation and citizenship of disabled people.

2007: 5th March – DALO Enforceable right to housing: all persons who have applied for housing, and who have not received an appropriate offer, have the right to legal aid and can also bring their case to administrative tribunal.

2008: 16th April – Law concerning the Solidarity Day for the autonomy of the elderly and disabled. It defines a seven-hour unpaid worked day for employees and a contribution from the employers, which is then used to finance actions in favor of the elderly and disabled.

2008: 1st July – Reforms to special schemes (EDF, GDF, SNCF, RATP, *Banque de France*, *Opéra national de Paris*, *Comédie française*), but also to special status schemes (clerics and employees of notaries).

2009: 25th March – Mobilization for housing and the fight against exclusion.

2009: 1st June – Solidarity Revenue (RSA) substitutes RMI. It guarantees a minimum revenue to all over 25s, or under if they have a child (or to be having a child).

2010: 27th July – Law for the modernization of agriculture and fishing, defining a clear politic on food aid.

2010: 1st September – Extension of RSA to active young people between 18 and 25 (without children) as a pre-condition of professional activity. It came into force in DOM in January 2011.

2010: 9th November – Pension reform law.

2011: 28th July – Law to improve the working of departmental handicap homes and other measures in favor of the disabled.

2011: 21st December – Social security financial law aims for the acceleration of pension reforms, of the minimum retirement age (62), and the automatic granting of a pension (67) before 2017 instead of 2018.

2012: 26th October – Future employments are designated to young unemployed, with some qualifications or none, in order to give access to a qualification and entry to the labor market.

3. Taxation and policies in respect of housing

3.1 Taxation

3.1.1 Consumer taxation

How large is the VAT, energy (electricity) tax, gasoline and diesel tax, and the tax for the oil used for heating the homes?

Electricity and Gas: VAT at 5.5% for the subscription fees and 20% for consumption (19.4 % before 1st January 2014).

Fuel: VAT increased from 19.6 % to 20% on 1st January 2014. In 2013, fuel tax payable to the state makes up 56% of the price of a liter of petrol and 49% of the price of a liter at the petrol pump. Two taxes are applied to the pre-tax price of fuel: TICPE Domestic consumption tax on petroleum products and the VAT. Until the end of 2010, TICPE was called TIPP. This indirect tax is applied to all petroleum products (petrol, diesel, domestic heating oil). TICPE is a fixed amount and is constant for a given year (an amount is written into French law), there it is not affected by gross price fluctuations, from the refinery or the distribution.

In 2013, TICPE was at 0.607€/liter of petrol and 0.428€ a liter of gas. Since 2007, regional councils are able to increase the TICPE on petrol consumed in their region (up to 0.025€ a liter extra).

Domestic heating fuel: TVA increased from 19.6 % to 20% on 1st January 2014, to which also TICPE is added. On 1st January the amount of this tax increased to 5.6 € a hectoliter. However, it is not as high as for diesel and petrol. Taxes on the sale of domestic heating oil count for 25% of the selling price.

3.1.2 Income tax and exceptions

What is the lowest taxable annual income and are there any exemptions, which kinds?

Income tax is not paid until 6.011€ of annual revenue, and thereafter progressively increments in bands.

Table 32: Applicable rate to 2013 revenues (2014) tax (for each part)

up to 6.011 €	0 %
between 6.011 € and 11.991 €	5.5 %
between 11.991 € and 26.631 €	14 %
between 26.631 € and 71.397 €	30 %
between 71.397 € and 151.200 €	41 %
more than 151.200 €	45 %

The exemption level changes on the bases of the number of units (the number of members in the fiscal household). A person living alone = 1 unit ; two married /civil union people = 2 units ; one child = 0,5 units ; 2 children = 1 unit ; 3 children = 2 units etc.

Table 33: 2013 (taxation for 2014)

Household units	No tax threshold
1 part	11.885 €
1.5 part	14.890 €
2 parts	17.896 €
2.5 parts	20,901 €
3 parts	23.907 €
3.5 parts	26.912 €
4 parts	29.893 €

4.5 parts	32.922 €
5 parts	35.928 €
5.5 parts	38.933 €

Table 34: Evolution of no tax threshold

2013	6.011 €
2012	5.963 €
2011	5.963 €
2010	5.963 €
2009	5.875 €
2008	5.852 €
2007	5.687 €
2006	5.614 €
2005	4.412 €
2004	4.334 €

3.1.3 Inheritance tax

How large is the tax and what exemptions are there?

Inheritance and gift tax laws are calculated according to a tariff that depends in the parental relationship to the deceased and his/her heirs, or between the giver and the benefactor. The specified amounts are applicable since 31st July 2011. Tax rebates for inheritance and gift donations depend equally on the relationship with heirs and gift receivers. In certain cases, there might be a reduction.

Table 35: Inheritance or donation to direct line heirs

Tariffs for inheritance tax	
Taxable amount after allowances (€)	Rate for each taxable part
Less than 8.072	5%
Between 8.072 and 12.109	10%
Between 12.109 and 15.932	15%
Between 15.932 and 552.324	20%
Between 552.324 and 902.838	30%
Between 902.838 and 1.805.677	40%
More than 1.805.677	45%

Table 36: Donations between spouses and civil union partners

Tariffs for donation tax between spouses and civil union partners	
Taxable amount after allowances (€)	Rate for each taxable part
Less than 8.072	5%
Between 8.072 and 15.932	10%
Between 15.932 and 31.865	15%
Between 31.865 and 552.324	20%
Between 552.324 and 902.838	30%
Between 902.838 and 1.805.677	40%
More than 1.805.677	45%

For all deaths since 22nd August 2007, the surviving spouse and civil union partner are exempt from inheritance tax.

Table 37: Succession or donation between brothers and sisters (living or represented)

<i>Tariffs for inheritance tax between brothers and sisters</i>	
Taxable amount after allowance (€)	Rate for each taxable part
Less than 24. 430	35%
More than 24. 430	45%

For all deaths since 22nd August 2007, the deceased brother/sister is also exempt from inheritance tax under certain conditions.

Table 38: Inheritance between other family persons

Tariffs of inheritance tax between non-immediate family	
Amounts are taxable after allowances	Rate of the taxable amount
Inheritance to 4 th degree family members	55%
Inheritance to family members beyond fourth degree	60%

Exemptions are made in accordance with the capacity of the deceased and the fortune received.

Exemptions according to the capacity of the deceased: the surviving spouse or civil partner of the deceased are exempt from inheritance tax; brothers and sisters living together are exempt from inheritance tax if they comply with the three following conditions in the moment of death (to be single, widowed, divorced or separated, and to be over 50 or to be unfit to work due to illness, to have lived with the deceased during the five years leading up to his/her death); war veterans or victims of terrorism; military deceased while on foreign missions; firemen; police; customs officers deceased while fulfilling their missions.

Exemptions linked to the nature of the inheritance: the following are exempt: life pensions between spouses or direct heirs; historical monuments (classified buildings) subject to conditions; works of art, books and collectable objects, valuable historic and artistic

documents are given to the state under agreement. The following are particularly exempt: forestry and agricultural land; individual companies or shares in societies; new properties bought between 1st June 1993 and 31st December 1994 and between 1st August 1995 and 31st December 1995; rented properties between 1st August and 31st December 1996.

A reduction for the head of the family can be made to the amount payable. It varies according to the relationship with the deceased: 610€ for a child starting from the third if the inheritance is in direct line or between spouses, 305€ for each child starting from the third for all other heirs (brothers, sisters, cousins, etc.). For example, a person who inherits from his/her father and who has three children has a reduction of 610€ for the third child.

Table 39: History of reductions/allowances 2004-2013

	2004	2005	01/01/2006 to 21/08/2007	22/08/2007 to 31/12/2007	2008	2009	2010	2011 and 2012
Surviving partner	76.000 €	76.000 €	76.000 €	-	-	-	-	-
Civil union partner	57.000 €	57.000 €	57.000 €	-	-	-	-	-
Descendant	46.000 €	50,000 €	50,000 €	150,000 €	151.950 €	156.359 €	156.974 €	159.325 €
Ascendant	46.000 €	50,000 €	50,000 €	150,000 €	151.950 €	156.359 €	156.974 €	159.325 €
Global reduction	-	50,000 €	50,000 €	-	-	-	-	-
Brother/sister	-	-	5.000 €	15.000 €	15.195 €	15.636 €	15.697 €	15.932 €
Niece/nephew	-	-	-	7.500 €	7.598 €	7.818 €	7.849 €	7.967 €

Disabled person	46.000 €	50,000 €	50,000 €	150,000 €	151.950 €	156.359 €	156.974 €	159.325 €
Reduction by default	1.500 €	1.500 €	1.500 €	1.500 €	1.520 €	1.564 €	1.570 €	1.594 €

History of thresholds 2004-2013

Table 40: In direct descendant

Tax bracket				
from 2002 to 2007	008	2009	2010	2011 and 2012
≤ 7.600 €	≤ 7.699 €	≤ 7.922 €	≤ 7.953 €	≤ 8.072 €
from 7.601 € to 11.400 €	from 7.700 € to 11.548 €	from 7.923 € to 11.883 €	from 7.954 € to 11.930 €	from 8.073 € to 12.109 €
from 11.401 € to 15.000 €	from 11.549 € to 15.195 €	from 11.884 € to 15.636 €	from 11.931 € to 15.697 €	from 12.110 € to 15.932 €
from 15.001 € to 520,000 €	from 15.196 € to 526.760 €	from 15.637 € to 542.043 €	from 15.698 € to 544.173 €	from 15.933 € to 552.324 €
from 520,001 € to 850,000 €	from 526.761 € to 861.050 €	from 542.044 € to 886.032 €	from 544.174 € to 889.514 €	from 552.325 € to 902.838 €
from 850,001 € to 1.700,000 €	from 861.051 € to 1.722.100 €	from 886.033 € to 1.772.064 €	from 889.515 € to 1.779.029 €	from 902.839 € to 1.805.677 €
> 1.700,000 €	> 1.722.100 €	> 1.772.064 €	> 1.779.029 €	> 1.805.677 €
⁽¹⁾ 35 % from 22/08/2007 to 30/07/2011				
⁽²⁾ 40 % from				

22/08/2007 to 30/07/2011				
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Table 41: Between spouses

	Between 01/01/2002 and 21/ 8/2007	Since 22/08/2007
Tax bracket	Tax system	
≤ 7.600 €	5 %	Exempt
from 7.601 € to 15.000 €	10 %	
from 15.001 € to 30,000 €	15 %	
from 30,001 € to 520,000 €	20 %	
from 520,001 € to 850,000 €	30 %	
from 850,001 € to 1.700,000 €	35 %	
> 1.700,000 €	40 %	

Table 42: Between civil union partners

	Between 01/01/2002 and 21/08/2007	Since 22/08/2007
Tax bracket	Tax system	
≤ 15.000€	40%	Exempt
> 15.000€	50%	

Table 43: Between brothers and sisters (also nieces and nephews who represent a deceased brother or sister of the deceased in question)

Tax bracket				
From 2002 to 2007	2008	2009	2010	2011 and 2012
≤ 23.000 €	≤ 23.299 €	≤ 23.975 €	≤ 24.069 €	≤ 24.430 €
> 23.000 €	> 23.299 €	> 23.975 €	> 24.069 €	> 24.430 €

3.1.4 Real estate tax

How large is the tax on private individuals' owned houses or apartments? Are there any exemptions, which kinds?

The property owner has to pay two taxes: property tax and council tax, both payable as long as the property is not being rented (in this case, the tenant pays).

Property tax: for residential properties, this tax is established from the property's market value established in 1970 by the fiscal administration. For new properties, the property characteristics must be declared just after its construction.

The market cadastral value is updated at every change in consistency, and the value is increased every year with a flat rate forfeit. For non-residential properties, the market value is determined by a general evaluation made in 1961 and is only subject to the annual flat rate forfeit.

The market cadastral value is subject to a standard, obligatory, lump sum reduction: of 50% for the property tax of residential properties, taking into consideration maintenance costs, insurance and repairs; of 20% for property tax on non-residential properties including maintenance and deterioration costs. After reductions are made, the tax office multiplies this net market value by levels that are fixed annually by the local authorities, in order to obtain the final amount of property tax. The general aim is to tax all property owners. However, exemptions and reductions exist.

Newly constructed properties can benefit from a temporary exemption for the first two years. This is applicable not only to the inhabitants (main or secondary), but also to the local industries, traders, artisans or professionals.

The following are completely exempt from property tax: benefactors of solidarity to the elderly allowance, or disability allowance on the basis of their principal dwelling; persons over 75 by the 1st January of the tax year, living exclusively in the property, and whose revenue for the previous year did not exceed a certain limit. The limit for revenues in 2014 is

10,633€ annually for the first family quotient, and 2.839€ for each supplementary half unit. The benefactor of these two exemptions must live in the property concerned: alone or with a partner; or with dependants; or with other people who receive the same allowance. If they are not totally exempted, persons over 65 by the 1st January of the tax year and who live in the principal property, can benefit from a tax rebate of 100€ from the property tax if their previous year's revenues do not exceed certain limits.

It is important to note that persons living in elderly homes and who are still property owners are exempt from property tax, on the condition that their property is not lived in.

For many years now, local communities have tended to increase their tax, without taking into consideration their market value (corporate tax base) that are updated each year with inflation. On average, property tax increased by more than 21% between 2007 and 2012.

Council tax: this is a local tax, paid to the local communities and their departments. It is paid by property owners and tenants and is calculated annually on the principal property but also on a second property. This tax is levied on the accommodation and its garage, parking, shed, etc. Certain buildings are exempt, mostly company premises which are not personal dwellings, and buildings used for agricultural use/storage, and in certain communities, also hotels, tourist centers and holiday rental cottages in rural areas. Council tax is calculated on market value, revalued each year by the Parliament. Reductions are made for the number of dependants in the family (10% for the first two dependants, and 15% for each dependant thereafter), and an optional reduction of 5%, 10% or 15% according to the communities and sometimes a special reduction is given to disadvantages and disabled people. The same exemption conditions for property tax apply to council tax.

3.2 Rights related to mortgage loans or unpaid rent

What happens if the owner of a house/ apartment is unable to meet their payment commitments? Is there any regulation of evictions?

Before enforcing any financial sanctions as a result of two unpaid monthly instalments to a mortgage, the lender must legally communicate to the *Banque de France* an incident file. This credit rating file remains open for five years and the dossiers are consulted when all new loans are requested in the future.

From the moment that the instalment is not paid, the lender will contact the mortgage holder. Interests or a late payment penalty might be applied, and which cannot be more than three points and must be stopped as soon as the situation goes back to normal. The lender could also ask for a complete payment of all the capital left to pay on the loan. In this case, the lender could request a payment of up to 7% of the remaining capital including the unpaid interests.

It is possible to ask for a term for payment, justifying the situation with documents such as unforeseen bills, unemployment benefit, etc.). The lender might agree a time limit, although he/she is not obliged to.

It is also possible to ask for a 'grace period' from the courts, and the tribunal judge will formalize this request with the motivations and documents proving the lenders inability to pay. The magistrate can even suspend all payments for a maximum period of two years. If the mortgage is not paid, the house could eventually (after a long procedure) be seized and put up for auction.

What happens if a person renting the house/apartment is unable to meet their payment commitments? Is there any regulation of evictions?

From the first unpaid rent, and before any eviction can be made, the property owner must approach the tenant. If the tenant receives housing benefit, then the landlord can ask to the family allowance fund to pay all the unpaid rent.

In most rental contracts there is a providing clause that bail will automatically be enforced if the tenant fails to pay rent or expenses. However, before implementing this clause, the landlord must send the tenant a formal order to pay, delivered by a bailiff. The tenant has two months to repay what is owed, or to put forward his/her case to a judge. During this period,

the tenant can also request financial aid from the FSL Housing Solidarity. At the end of the two months, the landlord can complain to a trial judge asking for bail and eviction.

If bail does not contain a cancellation clause, the landlord must contact a bailiff to evict the tenant. According to the financial position of the tenant, the judge could decide to agree to a delayed payment if he/she feels that the tenant will be capable of paying his debt. If this is not the case, then the judge can pronounce bail and order eviction. After this decision from the judge, the landlord must send a bailiff to the tenant with a written request to leave the premises. The tenant has two months to leave the property from receiving this letter. The tenant can ask the Supreme Court for extra time in order to leave the property. The Supreme Court might authorize one extra month, according to the tenant's situation (age, health, family situation). Eviction must be performed by a bailiff. The landlord should never take the initiative to enter inside the property without the bailiff, or to change the locks, or to touch the furniture. He/she could be charged for trespassing. A number of different options are available on the day of the eviction: the tenant does not protest, therefore the bailiff makes his verbal declaration and then begins to make an inventory of all the furniture and reclaims all the keys of the lodgings; the tenant refuses to open the door, the bailiff after reading his declaration calls the police; the tenant is absent; the bailiff must always be accompanied by a police representative and a locksmith.

No person can be evicted during the winter period from 1st November to 31st March, unless it is the eviction of: a squatter; a tenant who is living in a building that has been declared a public danger; or a tenant who will be rehoused due to his/her family needs (the number of rooms corresponding to the number of tenants).

3.3 Social housing

Is there an institution of social housing and who is eligible to stay there, for how long a time period?

Access to social housing is controlled by the state. In order to qualify, it is necessary to be a French citizen or to have a valid residence permit, and to have earnings inferior to a certain amount (this is variable depending on the size of the household).

A resident in social housing (also known as council housing) can stay there for as long as he/she wishes, even if revenue increases. From 1st January 2009, a law imposed some extra rent to be paid if incomes increase by more than 20%. Any extra rent cannot be more than 25% of the household incomes or of private rentals.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT TAX & HOUSING POLICIES (with the date of acceptance):

1949: 2nd August – Law introduces Low Income Housing (HLM), creating new rules for social housing and recognising the right to a decent home.

1977: 3rd January – Creation of Personal Aid to Lodgement (APL).

1982: 2nd March – Decentralization Laws: local councils are responsible for urban planning and social housing.

1982: 22nd June – ‘Quilliot’ Law introduces sub renting inside a HLM residence, allowing associations to offer temporary accommodation.

1991: 31st December – Law contributing important measure to social order, creating ALT (Aid to Temporary Lodgement). ALT also assists the associations that develop short-term accommodation.

1993: 22nd November – The creation of Samu social in Paris. For the first time, mobile teams composed of a nurse, a social worker and a driver, drive around the streets of Paris looking for those people who don't even ask for anything any more.

1994: 21st July – Extension of the law which helps in the purchase of housing for low rent and to help accommodate the homeless.

1996: 4th March – The enactment of the law which supplements Solidarity Rent.

2000: 13th December – The enactment of the law on solidarity and urban renewal (SRU). It reforms procedures in the fight against squalors and indecent living conditions, enforcing the legal right to a decent home. From 1st January 2002, local councils that did not offer at least 20% of low income housing had to pay a contribution and engage in a catch up plan towards a more socially mixed community.

2003: 1st August – Framework and planning law for the towns and urban renewal. A reconstruction programme was envisaged over five years (with the construction of 200,000 council houses, 200,000 rehabilitations or reconstructions, and 150,000 to 200,000 insalubrious dwellings demolished).

2007: 5th March – Dalo Law. Enforceable Right to Housing. This brought different measures in favor of social cohesion, emphasizing continuity: a person residing in an emergency accommodation must be able to stay there until he/she is presented with an alternative durable solution.

2007: 13th July – Law for national engagement in housing.

2009: 25th March – Boutin Law. Mobilization for housing and the fight against exclusion, with new measures for rented accommodations, HLM, and aid to tenants evicted in their attempts to resettle.

2014: 20th February – Duflot Law to combat the increase in house prices and housing shortages. Reinforcing housing in ‘tense’ areas with an imbalance between offer and demand. This law also installed a universal guarantee to housing, destined to protect property owners against unpaid rents, and encouraging them to put their properties up for rent, in order to encourage the renting of empty houses. This law enters into force on 1st January 2016.

4. Family policies and costs of education³¹

4.1 Maternity/parental leave

4.1.1 Eligibility and flexibility

Who has the right to take maternity/parental leave, and for how long a time? Could this be combined with part-time working?

Childcare leave

For natural or adoptive parents, childcare leave is a right that the employer cannot refuse. On the date of birth of the child (or arrival to the house, in the case of adoption), it is necessary to

³¹ Many of the measures here are compatible to OECD Family Database.

have worked at least one year in the firm. Childcare leave can be taken when wanted before the child is three years old.

For the first child, this length of time is only until six months and from the second child the maximum is three years. In the case of adoption, the lengths of time are the same; however, there is a maximum if the child is between three and 16 years old. From the 1st July 2014, one-child families, who today have the right to only six months, can take an extra six months under the condition that it is the other parent who benefits from the extra six months. After two children, reforms push the fathers to stop for at least six months so that childcare leave can last up to three years in total. For the contrary case, the length of child leave is limited to two and a half years. In other respects, couples who have taken childcare leave will have priority when enrolling their child into a nursery. This reform aims to encourage fathers to take childcare leave. The objective is that 100,000 fathers take six months of leave from now to 2017, as against 18,000 at the present time. It is possible to take either childcare leave or to opt for part-time work. In the latter case, the number of hours can be chosen, and these cannot be any less than 16 a week.

Parental leave is different from paternity leave, a right available to all fathers, whatever their family situation (marriage, civil union, divorced or separated), or when they are not biologically the father but the husband of the mother. It is possible to receive paternity leave and childcare provision for a child born or not born in France, French or foreigner, in care or not. Paternity leave has a maximum limit of 11 consecutive days (Saturday, Sunday and public holidays included), and 18 consecutive days for a multiple birth.

Three authorized absences provided by the Work Code can also be added. This can start immediately after these three days or in another moment, but within four months after the birth of the child. This leave cannot be split up but it can be shortened.

Maternity Leave

Every pregnant employee has the right to maternity leave. This is composed of pre-natal leave (before the estimated birth date) and post-natal leave (after the birth). Its length varies according to the number of children expected and the number of children already. If the

employee is pregnant with one child, the length of her maternity leave is 16 months, thus giving a pre-natal period of six weeks and a post-natal period of 10 weeks. If the employee is expecting twins, then the maternity leave is 34 weeks, thus giving 12 weeks pre-natal leave, and 22 weeks post-natal leave. If the employee is expecting one child, and already has two children (or has had two still births), the maternity leave is for 26 weeks, thus giving pre-natal leave of eight weeks and post-natal leave of 18 weeks. Under certain conditions it is possible to transfer some pre-natal leave over to post-natal leave.

Benefits

How large is the payment when the person is on maternity/parental leave? Give absolute average measure and relative to the prior salary (if applicable).

During parental leave, the parent concerned does not receive wages if leave is taken while on a full-time contract. Parental leave is paid proportionately in work time if the employee works part-time. In both cases, the parent can receive an allowance from the CAF Family Allowance Fund, and this amount is variable and has changed since 1st April 2014.

Children born or adopted after 1st April 2014

The amount of CLCA (supplement for childcare of the parents' choice) is the same if the parent does or does not receive the basic allowance of Early Childhood benefit (Paje).

Table 44: Amount of CLCA

Condition of parent	Monthly amount
All working activity interrupted	390.52€
Part-time work (50%)	252.46€
Part-time work between 50% and 80%	145.63€ the basic allocation of early childhood benefit

Children born or adopted before 1st April 2014

The amount of CLCA is more if the parent does not receive minimum early childcare benefit.

Table 45: Amount of CLCA

Situation of the parent	Amount of basic allocation for the benefactor
Working activity totally interrupted	390.52€
Part-time work 50% max.	252.46€
Part-time work between 50% and 80%	145.63€

For both paternity leave and maternity leave, a daily payment is made. In order to qualify, it is necessary to justify in both cases 10 months of enrolment in social insurance, and to have worked 200 hours over the three previous months. The amount of allowance is equal to previous earnings, calculated over three salaries from the last three months (less a one-off tax of 21% for insurance contributions). On 1st January 2014, the maximum amount is 81.27 € a day and the minimum amount is 9.26 €.

Child allowance (right, benefit)

Who is eligible to receive child allowance and how large is it?

The main benefits are:

Family Allowance (AF), given unconditionally, despite revenue or nationality. Foreigners only need to be in a regular situation. To qualify, it is necessary to have at least two children under 20 years old. The amount varies in function of the number of children in the household: two children (129.35 €), three children (295.05 €), four children (460.77 €), and each extra child (+165.72 €). Once the child reaches 14, the parents receive a wage increase of 64.67 €, starting from his/her 14th birthday. Parents with one child do not receive this.

Maintenance Support is granted under certain conditions of revenue, to people who have three children more than three years old and less than 21.

Table 46: Income ceilings (2014)

Family composition	Couple with two incomes	Couple with one income

Three children	45.623€	37.295€
Four children	51.839€	43.511€
For every extra child	6.216€	6.216€

If revenue only goes slightly over the threshold, then a differentiated allowance is granted. According to his/her revenues, the applicant either touches the basic amount or the most amount of the benefit. The basic amount is 168.35€. The highest amount is 185.19€ and is granted to families whose revenues do not go over a certain threshold.

Table 47: Resources ceiling according to claimant's condition

Number of children	Couple with one revenue	Couple with two revenues
One child	29.700€	37.733€
Two children	35.055€	43.088€
Three children	40,411€	48.444€
Four children	45.767€	53.800€
For every extra child	5.356€	5.356€

If their revenues go over this threshold but they remain eligible for a basic allowance, then parents obtain a partial allowance of 92.31 € a month. This basic allowance can be combined with the daily allowance for parental benefit, but not with maintenance support. Back to school allowance (ARS) is granted to families to help cover the costs of going back to school for children aged between six and 18. Family revenue should not exceed a certain limit, which depends on the number of children.

Table 48: Maximum income (to not exceed) in order to be eligible for ARS (re-entry to school 2014)

Number of children	Revenue 2012
For one child	24.137€
For two children	29.707€
For three children	35.277€

For each extra child	+ 5.570€
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In case of a slight lowering in the threshold, a sliding scale differentiated allowance might be granted, and is calculated and means-tested.

Table 49: ARS amount according to the age of child

Age of child	Amount
6 to 10 years old	362.63€
11 to 14 years old	382.64€
15 to 18 years old	395.90€

State policy towards families with excessive debts/ over indebtedness

Is there any aid (benefits or services) for families that have excessive debts? Do children have to pay back the loans taken by their parents (can one inherit a loan)?

Yes. All people with an address in France, or all French people with a foreign address, unless their debts were contracted with creditors established in France, can consult the commission for over indebtedness. At that stage, the commission asks for an enrolment to the FICP (household credit repayment incidents), the indebted person cannot take out any more loans and must avoid using any borrowed money.

Since 1st November the commission has three months (previously six) to investigate the dossier, and enrolment to FICP cannot be for more than five years. If the situation is seen as not being irreparable, then the commission tries to amicably settle the debt problem. A conventional recovery plan is created and spread over a maximum of eight years (before 1st November 2010 this was 10 years).

The following are examined: the current minimum spending amount; the actual amount that the person can use for repayments, leaving an amount which is not liable to seizure; a possible reduction in the interest rate; lengthened time period for making repayments. In this plan, a part of the indebted person's heritage might be sold, but the main residence is maintained.

This plan must be approved by the creditors and the lender. If agreement is not reached, it is possible to consult another commission. In another disagreement, measures are taken by an execution judge. If the debt problem is deemed unresolvable, the commission can freeze all debts for two years, suspending interest payments or eliminating a part of the debt. After two years, the situation will be evaluated again by a commission.

If the situation to reach a compromise fails completely, then the commission must obtain agreement from the indebted to a personal repayment procedure, before involving the execution judge. This latter convenes both the indebted and the creditors and examines the situation. The judge might announce the liquidation of all the indebted person's heritage (property), except for belongings that are not seizable. This heritage is sold within 12 months or by forced sale. If the money raised by this is not sufficient to pay the creditors, the total amount of on professional debts are deleted. The judge may also decide to close the case without liquidation if the indebted does not possess any heritage/properties apart from the home where he/she lives.

From 1st July 2010 and if the debt treatment dossier is considered valid by the commission, the state put into place a provisional protection for the indebted for the length of time it takes to resolve the problem. All actions from the creditors are suspended. Eviction procedures could also be suspended. The APL (personal allowance for lodgings) benefit is re-granted if it was suspended, but is given immediately to the lessor. Additionally, banks are forbidden to proceed with savage overdraft repayments, to enforce high interests on payment refusals at cash machines and to remove all payment methods.

Children are not responsible for the debts of their living parents, unless they are personal guarantees. However, children are responsible for the debts of their deceased parents if they accept their inheritance.

4.3 Eligibility and costs of pre-school, primary-school education in the public sphere - specify which ages pre-school and primary school refer to in your country.

The right to free public schooling, from pre-school to high school, is a complete, constitutional right written into the Constitution in 1946. It is applied to all children, without nationality distinction (even in an irregular situation). All teaching activities practised inside a school are free. Schooling cannot give the right to inscription in a school. Also, no financial participation to compulsory teaching activities can ever be requested from families. Only optional activities can require a contribution (for example, school trips). School equipment costs, whether for individual use or to be eventually given to the student, are not included in the principle of free schooling, and these costs are to be covered by the families.

Pre-school

If there is a public pre-school system – who is eligible for it and how large are the fees? Are there any exemptions, which kind?

Yes. Children between two months and three-years-old can attend a nursery/crèche. This is a possibility and not an obligation. The parents need to make a request to the nursery and to ensure that the child has been vaccinated with the compulsory vaccines. There are several types of public crèches and the coats can vary slightly. The financial contribution of the parents is means-tested and depends on the number of children.

Table 50: Family composition

	1 child	2 children	3 children	4 children
Collective: hourly rate	0.06%	0.05%	0.04%	0.03%
Family: hourly rate	0.05%	0.04%	0.03%	0.02%

Taking for example, a family with two children, who declare 24.000€ revenue. If they place a child in a crèche, they pay 1€ an hour ($0.05\% \times 24.000 / 12$). This cost is eligible for tax credit.

From the age of three (two, in certain cases), the child might be enrolled in a ‘maternal’ school. This is not an obligation. Maternal school (similar to kindergarten) is free and the cost of school lunches is determined by the local council. Under certain conditions, parents may obtain financial aid to pay for school lunches.

Primary-school

From the age of six, a child must be enrolled in an elementary school. Parents also have the option of home schooling. Education is compulsory but not schooling. Elementary school is free. The tariffs for school lunches are decided by the local authorities. Parents may receive financial aid to pay school lunches or may be part-financed.

The cost of school transport is paid by the parents; however recently, it is nearly always financed by the general councils. At the beginning of the 2012 school year, only 28 general councils financed school transport at 100%, and seven financing between 95% and 99%. The remaining 61 financed between 50% and 94%. It is the families who pay the remaining costs.

Gymnasium

If there is a public gymnasium system – who is eligible for it and how large are the fees? Are there any exemptions, which kind? Are families/pupils eligible for benefits (transportation, housing, lunch etc.)?

Yes. In public school, the child is enrolled in the nearest high school (*collège* and *lycée*) of the local area. The principles are the same for high schooling: the school lunch is organised by the local region, which decides the tariffs. Parents can receive financial aid or a partial allowance to cover these costs. School transport to high school is not free.

4.4 Costs of university level studies

Tuition fees and exceptions

How large are the fees at public universities and are there any exceptions? Are students eligible for benefits?

The enrolment fees for a degree, masters or PhD are determined annually at the national level. The individual teaching establishments can also offer their own degrees and can determine their own enrolment fees. If a student is enrolled in more than one higher education institution then he/she must pay the enrolment fees in each. If a student is studying several degrees in the

same institution, then he/she must pay the enrolment fees of the main degree in full, and the others partially.

University course	Normal fees (€)	Reduced fees (€)
Degree (and national diplomas), professional diplomas DUT, DEUST.	183	121
Master and course that lead to a master	254	167
Engineering diploma	606	-
PhD	388	258
Director of research	388	258

Compulsory student social security payments must be added to the costs of enrolment, in 2014 it is 213€. Students with government grants and war orphans are exempt from enrolment fees to universities. Some students might also be candidate for this exemption, in view of their personal situation (unemployed parents, refugees). Any exemption decisions are taken by the Dean of the University, applying fixed criteria, with a limit of 10% of all enrolled students (except students with grants and war orphans).

Eligibility for a government grant depends on social criteria, where a student family's revenue is less than 33.100€ a year. Also the number of dependants in the family, and the distance from home to the university, are taken into consideration. It is necessary to be under 28 years of age.

These grants are reserved for French students, Andorran students, those of French education, foreign students with refugee status, and foreign students resident in France for at least two years with a fiscal address in France (with a parent living there), to foreign students from a EU member state or from a EU economic union state. Students from Switzerland are also eligible if: they have previously worked in France (full-time or part-time); they can justify that one parent has worked in France; or can prove a certain degree of integration in French society. This degree of integration depends on the length of stay and of the amount of schooling in France, or family ties with France. None of these conditions are taken into consideration if the student has lived uninterruptedly in France for five years.

These grants are normally given for a period of 10 months (if the parents cannot house the student during the summer or if the student has not finished his/her studies before 1st July, the length of time can be prolonged during the summer holidays. Thus, gaining 12 months of student grant). The amount of money given depends on the national threshold corresponding to nine levels.

Table 52: Amounts for 2013-2014 (over 10 months)

Level 0	No grant but exemption for enrolment fees and social security contribution
Level 0 bis	1.000 € a year
Level 1	1.653 € a year
Level 2	2.490 € a year
Level 3	3.190 € a year
Level 4	3.889 € a year
Level 5	4.465 € a year
Level 6	4.735 € a year
Level 7	5.500 € a year

It should be noticed that levels 5 and 0bis were created in September 2013. This reform brought the number of grant holders who received an annual grant of 1.000€ to 132.500 (55.000 in 2013 and 77.500 in 2014). In total, nearly 30% of students received a grant under social criteria delivered by the regional center for student social services.

In addition to grants under social conditions, an achievement aid also exists. It is 1.800€ a year and concerns students who received high grades in their high school studies, as well as being the best performing students in their degree or master course, identified by the university. This aid is linked to social grants. If a student loses the right to a social grant, then the achievement based aid is taken away. Before 2008, this achievement based aid was from 400€ to 678€ a month, but it was given as a replacement to social grants. Since 2008, it is 200€ a month but it is added onto the social based grant.

International mobility allowances are destined to encourage international mobility of students who wish to study abroad in an exchange programme or training/work experience. This exchange/placement must fit into their programme of studies. It is a supplementary aid with social criteria. It can be 400 € a month and is given for a period of two to nine months. The benefactors of this aid are elected by the university where they are studying. This aid can be granted alongside achievement based aid.

Since 2008, a National Fund for Urgent Aid (FNAU) granted personalized, rapid and punctual aid to students encountering serious difficulties (for example, family break ups). Its maximum amount is 1.665€ (the same annual amount of a Level 1 grant). If several FNAU aids are granted in the same academic year, then the amount cannot exceed 3.306€.

Since the beginning of the 2013 academic year, aid to young, economically disadvantaged students was between 4.000€ and 5.500€. This is not means-tested for students who have put themselves into difficult autonomously, for example by leaving their families.

Since 2008, a system of bank loans is granted by the state and is open to all students. These loans do not require a guarantee and are not means-tested.

Students can also benefit from APL, Personalised Aid to Lodging, and to public housing (ALS). Both of these benefits are means-tested. The maximum revenue limit depends on the household composition, and the geographical situation of the home. Both these aids are given by the Family Allowance Fund (CAF), under social criteria (revenue, family situation, the nature of the dwelling). For parents with children under 20. A student who benefits from aid to lodgings is no longer considered dependent on his/her parents. APL and ALS cannot be both granted at the same time. The maximum amount is 200€ a month. This aids cannot be given alongside other family benefits (CAF).

It is also possible, with certain revenue conditions, to have priority access to a student residence, which usually costs a lot less than private rentals, especially if the student receives ALS.

As regards transport, there is no state aid for student transport. Some measures are offered by towns and regions with advantageous tariffs.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE POLICIES AND POLICIES AFFECTING THE FUNDING OF EDUCATION (with the date of acceptance):

1945: 31st December – Budget/Finance law for 1946, regarding income tax, introduced an income splitting system for couples with children.

1946: 22nd August – The law defined the four benefits concerning family in the social security system (family benefits granted unconditionally after the second child, benefits for one salary families after the first child; prenatal benefits and maternity benefit).

1971: 13th July – The creation of benefit to disabled minors/dependants and to disabled adults. For the first time the CAF family allowance fund received state funding in order to help a population that no longer corresponds uniquely to a family.

1974: 16th July – Aid to school re-entry is created for school children between six and 16, from the first child and under certain conditions.

1976: 9th July – Single parent benefit created.

1978: 1st January- The creation of family supplements gives priority to the third child. It substitutes the single salary to housewives and aid for childcare. The system becomes universal after the obligation to be in a professional activity in order to receive benefits, has been removed.

1981: 1st July – Family benefits are revalued: family allowance is increased by 25% on the 1st July. On this same day, lodgings allowance is also revalued, and on the 1st December it increases by 50%. The alteration in the threshold increases the number of benefactors. Disabled allowance also increases 41%.

1994: 25th July – Family Law.

1999: 15th November – Enactment of the Civil Solidarity Pact (PACS).

2001: 3rd December – Enactment of law relative to the rights of a surviving spouse, children born out of wedlock and the modernization of the law of succession.

2001: 21st December – Law for social security funding for 2002 introduces paternal leave. It allows fathers to stop work for a maximum of 11 days that cannot be broken up. These 11 days can be taken alongside the three days already granted to employees.

2005: 22nd September – The creation of new parental leave (starting from 1st July 2006). From the third child onwards: parents can benefit from shorter parental leave (one year), but better paid (750€ a month instead of 500€); the doubling of tax credits for childcare fees; the introduction of a new card for ‘numerous families’ that gives reductions for many services; parents of sick children have 310 days of paid leave, which can be spread over three years, instead of four months renewable twice.

2007: 10th August- Péresse law (also known as LRU), modifies the university statute and funding system. The system of student grants is reviewed.

2014: 4th August – Law on parental leave modifies the application conditions.

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Germany

Summary

Germany was mostly affected by the crisis in its first phase, in the beginning of 2009, followed by a quick and – until now – lasting recovery. Crisis reactions for the most part have been taken the form of short-time interventions, namely growth packages announced quickly in response to the crisis and issued to stabilize the economic situation. Lasting policy changes have not necessarily been connected to the crisis and were certainly not as far-reaching as in other countries. However, some changes in policy fields under investigation by the LIVEWHAT project are indeed worth highlighting as they may, in the long run, affect people's capacity to cope with hard times in the future.

In the field of labor policy the most notably change was the step-by-step introduction of a minimum wage which will come into force as a national law only from 2016 onwards, but was preceded by sectoral agreements between the social partners during the period investigated by the LIVEWHAT project. Also, as part of labor bargaining successes, the number of days of vacation granted increased for parts of the workforce over the last years, while the number of days guaranteed by law, however, stayed the same. The time span for unemployment allowances for older employees was cut in 2006 but raised again in 2008. However, in total, this still amounts to a considerably less comfortable situation for older workers.

In the field of health policies there were some smaller changes as well. For temporary workers (those working up to ten weeks), in 2009 sickness benefits were cancelled: they fall back to unemployment payments. Also, over the years the treatments that require additional payments by the patient were added up, opening up the bipartisan and equal payment for health services by employers and employees. The extra fee (*Praxisgebühr*, 10€) for visiting a doctor/dentist was abolished in 2012, which indicates at least a small improvement for patients. For disabled people, rights and benefits have increased in 2008 and 2009 in an attempt to ease inclusion following the adoption of the Convention on the Rights of Persons with Disabilities of the World Health Organization (WHO).

Since 2007, the official retirement age was raised gradually from 65 to 67. Persons born after 1964 are subject to the full increase. Pension levels are based on years of contribution and earned salary will decrease over the years as an effect of the long-term project of lowering labor costs, mostly referred to as the ‘Agenda 2010’ or ‘Hartz’ reforms. However, from 2014 onwards, people aged 63 and with 45 years of contributions to the insurance system (including unemployment time) can retire without punishment.

In the field of family policy, the most important changes include the possibility of a shared and then increased parental leave (12 to 14 months, since 2007) and the introduction of the *Betreuungsgeld* (child care subsidy) for mothers that do not wish to make use of the right (which was introduced in 2013) to a place in a childcare facility. Child allowances were raised moderately a few times during the period (changes make in total €184 instead of €154 for the first child) and in 2009, an extra of € 100 was paid as a one-time crisis-related payment.

Again as a pre-crisis change, VAT was raised from 16% to 19% in 2007. In summary, the more considerable policy changes in Germany have, content-wise and regarding the timing, a minor or indirect connection, if any at all, to the crisis of 2007ff. If there were changes (most notably retirement age, health policies, education policies) than they were less far-reaching than in many other countries, especially in the European South. The only exception may be the minimum wage, which may be a considerable change in German labor policies but, again, originates in the pre-crisis period.

1. Labor policies

1.1 Employment

1.1.1 Termination of contracts

Are there legal rights of advance notice, what do these look like and to whom are they applicable?

In general, a regular contract of employment can be terminated at a term of four weeks, either to the end or the 15th of the month. The term increases with the period of employment in a company. After two years, the term is one month to the end of the month; after five years it is two months; after eight years it is three months; after ten years it is four months; after twelve years five months; after fifteen it is six; and after 20 years it is seven months. However, the period of employment under the age of 25 is not counted and at the beginning of the employment, an up to six-month employment probation period is legal in which the term is only two weeks. All this can be renegotiated between the social partners and in individual contracts the terms can be longer, of course. Further exceptions exist for contracts with a maximum duration of three months and for businesses that employ up to ten employees (before 1st January 2004: up to five employees): here the term is a four-week minimum (BGB § 623). There are some special rules (see BGB § 622) which apply for example to contracts for specific work or contracts of executive personnel. Normal employment contracts and the terms laid down in § 623, however, are the rule. On the grounds of 'heavy reasons', an immediate termination of contract is possible, but this is a very exceptional rule (§ 626). There have been no changes since 2005.

What is the compensation (fee) for the termination of the employment contract of full-time workers?

In 2014, if an employment contract is terminated for company reasons (not because of misbehavior), then the employee has the right to compensation of half a monthly salary

(including all extra benefits) for each year of employment in the business and to a maximum of twelve monthly salaries. For employees older than 50 with 15 years in the company this can be 15 monthly salaries and for employees older than 55 with 20 years it can be up to 18 monthly salaries. (KSchG § 1a, see ErfK/Kiel KSchG § 10 Rn. 1-17). There have been no changes regarding the conditions for the termination of employment contracts since 2005.

Does the law establish a public policy list of 'fair' grounds for dismissal?

The *Kündigungsschutzgesetz* (employment protection act) as of 2014 states that a dismissal is not legal if it is 'socially unjustified'. This means that personal reasons (e.g. the employee is not able anymore to do the job), wrong behavior (e.g. unwillingness to do the job) of the employee, or economic reasons (e.g. recession, decline in orders) may justify the termination of a contract of employment. If the employee can be re-trained and deployed in another department of the business, a dismissal is also not justified. Also, dismissals for economic reasons must recognize the individual situation of the employees, for example job tenure, age, obligations to pay maintenance, and handicaps, and, on the other hand, the social structure of the staff (e.g. age, skills) (KSchG § 1, see ErfK/Oetker KSchG § 1) There have been no changes here since 2005.

Is redundancy (also known as retrenchment, termination for economic reasons, necessities of the company, or objective causes) considered a 'fair' ground for dismissal by law, or does such dismissal always entail a mandatory penalty?

As of 2014, economic reasons such as general recession or decline in orders can justify dismissals but the above mentioned compensations apply. There have been no changes since 2005.

1.1.2 Minimum wage

Who has the right to have a minimum wage, are there any exceptions?

In 2014, the new government (conservative and social-democrats) agreed on the introduction of a nation-wide minimum wage of 8.50€, applicable from 1st January 2015 onwards with some transitional provisions and exceptions. Until the end of 2016, agreements between social partners which bilaterally agreed on lower wages will be tolerated. Also, people in training (in the German dual system), young people under 18 years, internees doing an internship required by the university, and the long-term unemployed in the first six months of new employment are excluded. These exceptions are to be audited at the end of the transition period (end of 2016).

Before, there was no nation-wide minimum wage. However, political pressure and developments such as the fall of the transition rules for the right of free movement of labor for Eastern European Union member states resulted in sectoral minimum wages. On the grounds of the *Arbeitnehmerentsendegesetz* (law on posting of workers), in the construction sector (10,50-13,95€ since 1st January 2014), advanced training personnel (11,65-13,00€ since 1st July 2013), cleaning (7.56-12.65 since 1st November 2013 and depending on sub-sectors), care (8.00-9.00€), mining (1st December 2013), masonry (10,13-11,00€ since 1st October 2013 and 10,66-11,25€ since 1st May 2014), roof tilers (11.55€ since 1st January 2014), electrical trade (9,10-10,00 since 1st January 2014), scaffolding (10.00€ since 1st August 2013), security services (7.50-8.90 since 1st January 2013), laundry services (7.50-8.25€ since 1st February 2014, 8.00-8.50€ since 1st October 2014) and the waste industry (8.68€ since 1st February 2013) minimum wages were introduced. In the temporary employment sector, a minimum wage of 7.86-8.50€ was introduced on grounds of the *Arbeitnehmerüberlassungsgesetz* (law on temporary employment, which was altered in 2011 to make minimum wages possible) and in the hairdresser sector a minimum wage of 6.50-7.50€ (since 01.08.2014) was introduced on grounds of the *Tarifvertragsgesetz* (collective bargaining act, the Ministry of Labor can declare an agreed wage generally binding). Until 31st December 2008 the demolition services paid a minimum wage of 9.10-11.96€, the mining industry 11.53-12.81€ until 31st March 2013. In the butcher industry since 1st August 2014 a minimum wage of 7.75€ is paid. In April 2014, sectoral minimum wages were affecting four million people.

1.1.3 Vacation

Do employees have paid time off for national or local holidays by law or mandatory collective agreement? How many days does paid vacation last? Do people receive holiday allowances, how large are they?

As of 2014, every employee has the right to 24 paid days off (which includes Saturdays and, in effect, means that 20 days paid vacation or four weeks are the law) in addition to nine to 13 holidays which are in the competence of the *Bundesländer* (regional states) (except the national unity day on 3rd October with a special agreement between national government and *Bundesländer*). Young employees under 18 have a guaranteed legal vacation entitlement of 25 to 30 days (decreasing with the age, see JArbSchG § 19). The vacation is a paid time off and the regular salary is paid (without specials such as e.g. night shift benefits).

In most collective and individual contracts the vacation is more than the legal minimum: as of 2014 in the public service it is 36 days including Saturdays (meaning actually 30 days or six weeks). This has increased for younger workers in recent years (previously, older workers had more vacation which was criticized for being unfair: the public service wage contract for 2013 increased the vacation days from 26 to 29 days for employees under 29, lowered the vacation for 40-54 year olds from 30 to 29, and left it for over 55 year old at 30 days.

Contract from 2014 state 30 days paid vacation for everyone.

1.2 Unemployment

1.2.1 Eligibility and constraints (rights)

What are the requirements for being officially registered as the unemployed?

According to SGB III § 16, a person is unemployed if he/she does not have an employment relationship, if he/she searches for a job and is available for the Agency of Employment, and

if he/she has registered as unemployed at the Agency. If he or she is in a job-creation measure, the status is not unemployed anymore. There have been no relevant changes since 2005.

Who is entitled to unemployment benefit (e.g. how many months does one have to work for to be eligible for this benefit?)

As of 2014, a person has entitlement to unemployment benefits if he/she has worked 12 months within the last 24 months. There have been no changes since 2005.

Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)?

No.

How long is the payment period and are there any constraints (e.g. mandatory training, inability to refuse the offered job)?

After 12 months in regular employment, a person has the right to six months of unemployment benefits; after 16 months eight months; after 20 it is ten; and after 24 months, twelve months. This has not changed since 2005.

For people older than 50, longer terms are possible: Until 31st January 2006 up to 32 months of unemployment allowances were possible (for unemployed aged 57 and 64 months in employment, decreasing to 14 months for 45 year old and 30 months). From 1st February 2006 until 31st December 2007 it was only up to 18 months (with at least 36 months in

employment before). Since 1st January 2008 it is up to 24 months (age 58 and 48 years in employment). (§ 439 SGB III, bis 31. März 2012 § 434 r SGB III a.F.) Overall, the periods have decreased for older workers.

In principal, the unemployed have to obey the rules of the Federal Employment Agency, take a job offer or participate in re-education/skills training. If the unemployed person does not show that he or she is trying to get a new job, this can also be punished. This has not changed since 2005.

The aforementioned conditions apply to the *Arbeitslosengeld I* (employment benefit I). After the described periods described, unemployed people receive *Arbeitslosengeld II* which is basically social aid (both benefit systems were merged before 2005, see Dingeldey, 2011). See below.

1.2.2 Benefits

How large a percentage of the salary is covered by unemployment benefits in case of a one-year unemployment spell? How is the unemployment benefit calculated (flat rate/salary related etc.)?

The unemployment benefit is calculated as 60% (67% with children) of the unemployed person's median income in the period he or she earned the entitlement. There have been no changes of the level of the benefit since 2005.

1.2.3 Services

What kinds of training services are available for the unemployed, how does it differ for long- and short-term unemployment? Is there any particular help for those starting with their own small business?

As of 2014, starting your own business can be subsidized by the Federal Agency of Employment (SGB III §93f). There is also a set of measures is available that help the unemployed to get new employment, among others job creation programs, application coaching and small trainings (up to eight weeks) to improve certain skills. These programs and the procedures of the Federal Employment Agency undergo a constant incremental change. The major reforms that established the current framework, however, were before 2005.

1.3 Unionization and strikes

1.3.1 Unions and bargaining

Does every worker/employee have a right to be part of a union? If not, describe differences.

Yes. There have been no changes since 2005.

Is a right to unionization specified in the constitution (if it is regulated by other laws, does it mean a weaker protection of rights)?

Yes. Article 9 Abs. 3 in the German *Grundgesetz* (constitution) explicitly states that associations to improve or maintain the working and economic conditions are free to

everybody. Any attempt to hurt this right, and contracts excluding this right, are illegal. The right of unions to strike results from this article but there is no strike law. There have been no changes since 2005.

Are workers' councils, committees or equivalent bodies are mandated by law?

No. The *Betriebsverfassungsgesetz* (industrial relations law) allows employees in companies with more than five employees to have workers' councils. Members of the council cannot be dismissed on regular terms and must be released from duty by the employer to fulfil their tasks. The rights of German workers' councils can be considerable concerning workplace conditions and company decisions (for example, the re-organization or re-location of the company, new technologies). In total, only 6% of businesses with 5-50 employees have a workers' council, compared to 90% among the companies with more than 501 employees (Ellguth and Kohaut, 2010).

However, the *Drittelbeteiligungsgesetz* forces companies with more than 500 employees to give one third of the votes in supervisory councils to the worker's side.

There have been no legal changes since 2005.

Do employers have the legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers?

No. There have been no changes since 2005.

1.3.2 Strikes

Which workers have according to the law the right or the freedom to strike? Are wildcat strikes

i.e. the ones not authorized by the labor union the assembly of workers, legal? Are there any time-limits to strikes, any differences across economic sectors?

There is no explicit right to strike but Article 9 Abs. 3 GG is understood to cover strikes. Only seven *Bundesländer* (regional states) have a right to strike in their state constitution. Unions (not individuals) can call a strike to fight for higher wages (and better working conditions) but not within peace time – i.e. the term of a still lasting labor agreement. Wildcat strikes can result in claims for compensation. Employees of facilities run by the church (kindergartens, care facilities, hospitals etc.) also have no right to strike (although this gets contested from time to time in front of labor courts) as well as civil servants (not public service workers in general!). Strikes always have to be ‘reasonable’ but there is no concrete time or other limit. There have been no changes since 2005.

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., non-work-related issues, legal?

No.

Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal?

No.

Are employers allowed to fire or replace striking workers, in which conditions? Are employers' lockouts allowed by law?

Only in response to wildcat strikes and if employees do not return to work after being called to do so, dismissals are acceptable (ErfK/Kiel KSchG § 25 Rn. 1-4).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES (with the year of acceptance):

Arbeitnehmer-Entsendegesetz (law on posting of workers) of 20th April 2009 (BGBl. I p. 799), last changed by law of 24th May 2014 (BGBl. I p. 538).

Arbeitnehmerüberlassungsgesetz (law on temporary employment) of 3rd February 1995 (BGBl. I p. 158), last changed by law of 7th August 2013 (BGBl. I p. 3154).

Betriebsverfassungsgesetz (industrial relations law) of 25th September 2001 (BGBl. I p. 2518), last changed by law of 20th April 2013 (BGBl. I p. 868). Bürgerliches Gesetzbuch (German Civil Code, BGB) §§ 611-630. Bundesurlaubsgesetz (federal holiday benefits act) published in BGBl. III, 800-4, last changed by law of 20th April 2013 (BGBl. I p. 868).

Drittelbeteiligungsgesetz (one-third participation act) of 18th May 2004 (BGBl. I p. 974), last changed by law of 22nd December 2011 (BGBl. I p. 3044). Jugendarbeitsschutzgesetz (German youth employment protection act) of 12th April 1976 (BGBl. I p. 965), last changed by law of 20th April 2013 (BGBl. I p. 868). Kündigungsschutzgesetz (employment protection act) of 25th August 1969 (BGBl. I p. 1317), last changed by law of 20th April 2013 (BGBl. I p. 868).

Sozialgesetzbuch III (social security book three, promotion of employment) in the version based on the law for improvement of chances for inclusion in the labour market of 20th December 2011 (BGBl. I p. 2854).

Tarifvertragsgesetz (collective agreement act) in the version of 25th August 1969 (BGBl. I p. 1323), last changed by law of 8th December 2010 (BGBl. I p. 1864).

2. Health services and social aid

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

Who has a right to receive sickness benefits (exclude private insurances)? Are there differences across groups like residents/non-residents or public/private sector workers? How long are the benefits paid?

As of 2014, basically everybody living in Germany (including EU and non-EU citizens) has to have health insurance. Since 1st April 2007, public health insurances have to affiliate everybody *GKV-Wettbewerbsstärkungsgesetz* (SHI Competition Re-enforcement Law) who does not have an insurance (with small exceptions like self-employed people). Since 1st January 2009 every person has to have insurance (*Allgemeine Versicherungspflicht*, § 193 III insurance contract act). Private insurances have to affiliate persons without public insurance plan at their base tariff. These changes were introduced to counter a growing population that saved the contributions, and the numbers are now very low again (2011: 137,000 or 0.2% of the population; 2007: 196,000). Everybody in the public insurance plan has the right to receive sickness benefits. There are no differences between the public and private sector. There has been an increase in coverage.

For any one particular illness, the maximal duration for sickness benefits is 78 weeks within three years. In general it is open ended, however. In the first six weeks in most cases the employer pays the regular wage and only after this period sickness benefits are paid by health insurance. Parents of children up to eleven years (unlimited for handicapped children) have the right to ten days (20 for single parents) of sickness benefits if the child is sick. Thus, coverage has increased.

2.1.2 Sickness benefits

How large is the benefit – is it relative to the average salary? If everyone does not get an equal amount, then describe the differences, particularly for residents and non-residents (also asylum seekers).

The first six weeks of sickness are fully covered. After that, sickness benefit is 70% of the full wage (including social insurances) but only up to 90% of the net wage. Asylum seekers get only basic medical treatment for acute health issues and to prevent chronic sickness. For temporary workers (up to ten weeks), in 2009 sickness benefits were cancelled totally: they fall back to unemployment payments. The last point indicates a slight decrease. Everything else has stayed the same since 2005.

2.1.3 Healthcare services

How large, if at all, is the citizen's contribution when visiting the public health services (hospitalization, examinations, home visits, dentist)? How long is the maximum waiting time for a visit in primary health services, if applicable?

From 2004 to the end of 2012 there was a fee for seeing the doctor and the dentist of € 10 each time (*Praxisgebühr*), and also €10 for each day in a hospital (up to 28 days after which the fee is cancelled). If the next visit was in the same quarter of a year, only the first time had to be paid (dentist and doctor counted separately) (see § 28 Abs. 4 SGB V). There were exceptions by some insurance companies and generally for children under 18. As of 2014, there is no extra fee for dentists and doctor visits. But all other contributions introduced in 2004 remain: 10% for drugs (minimum €5 and maximum €10, whereas cheap drugs (generic drugs) are excluded since 1st July 2006), rehabilitation: €10 per day (up to 42 days), transportation and household help (10%, minimum €5 and maximum €10). All contributions

must not exceed 2% of the household income (1% if chronic sickness is diagnosed). The significant changes occurred in 2004: only the removed doctor/dentist fee is within our time span.

Through a series of reforms between 2004 and 2011, the obligatory payment of contributions which were before paid bipartisan by the employer and the employee was changed to the disfavor of the latter. As of 2014, some special treatments such as dental prosthesis have extra contributions to be paid by the insured person alone and future increases in the insurance payment rates have to be carried by the employee alone.

There is no maximum waiting time. There is a political debate about introducing service points that help to find appointments, especially at specialists, since waiting times can be considerable (for the not privately insured). This is also a point in the coalition contract between the governing parties CDU and SPD, and the Federal Ministry of Health is apparently preparing suggestions. As for real waiting times, in 2014 a study shows that waiting times differ considerably between general practitioners and specialists (no waiting time 37% vs. 21% and more than three weeks 4% vs. 24%), between fields of specialists (more than three days: 70% at gynecologist, ENT-physician 41%) and that waiting times at specialists increased from 2008 to 2014 (more than three days: 54% to 58%) (KBV 2014:15).

2.2 Elderly care

2.2.1 Retirement age and eligibility

What is the retirement age for men and women, are there any differences across the type of work done? Is there an option for early retirement, in what conditions?

The official retirement age until 2007 was 65 with exceptions for people with 45 years of insurance membership and for the handicapped. With earlier or later retirement, the pension was reduced or raised accordingly. Since 2007, the retirement age is raised on a monthly

basis: for a person born in 1947 it is 65 years and one month, for a person born in 1948 it is 65 years and two months and so on. For everyone born after 1964 it is 67 years (still with the exceptions mentioned).

From 2014 onwards, people aged 63 and with 45 years of contributions to the insurance system (including unemployment time) can retire without punishment (*RV-Leistungsverbesserungsgesetz*, retirement benefits improvement law). Also the child-rearing work of all mothers or fathers of children born before 1992 will be recognized with an additional earning point ('mother pension') in the old age security system from 1st July 2014 onwards (European Commission 2014).

2.2.2 Retirement benefits

How large is the old-age pension? Give the absolute average measure of old-age pension and describe how it is in general calculated. Report also the minimum pension, if applicable.

The monthly pension is calculated on the basis of contribution years and the retirement age. The standard pension is thus dynamically calculated each year: in 2005 it was 52.6% and in 2014, 48.7% (the drop was not linear but included ups and downs). The aim is to reduce it until 2030 to 43% which is considered a minimum (see IAQ 2013). The drop is to be countered by individual extra private or company insurance. For people with a pension too low to manage living, social aid is paid (which is then called *Grundsicherung im Alter und bei Erwerbsminderung*).

Is there a measure of a means-tested benefit for pensioners with incomes below a given threshold (minimum vieillesse), if yes, specify the threshold (relative to average income in the country).

The minimum pension is the social aid level (see below).

2.2.3 Elderly care services

Is there a public elderly care?

Yes.

If yes, how large is the required co-funding?

The care insurance pays a part of the costs (care intensity level 1: €1,023/month, care intensity level 2: €1,279/month, care intensity level 3: €1,510/month), everything else must be paid from the person's income (pension, etc.) or by the family. If this is not sufficient to cover the costs §§ 61 ff. SGB XII allow extra assistance (social aid).

How long is the maximum waiting time for a place in residential home for elderly?

This is very different from facility to facility, it can be only days and up to months. A doctor can recommend a person because of his/her health and this accelerates the process. According to the data of the *Gesundheitsberichterstattung des Bundes*³² (federal health reporting system), in 2011 there were more places (875,549) than actually people in care (786,920) (own calculation). However, this does not say anything about regional distribution.

32 https://www.gbe-bund.de/gbe10/pkg_isgbe5.prc_isgbe?p_uid=gasts&p_aid=15813242&p_sprache=D.

Do the rights for these forms of care differ on the basis of citizenship or residence?

The rights and payments depend on the financial capabilities of the person, if he or she has access to the care insurance payments etc. Non-Germans and Germans with foreign origin seem to make use of care facilities much less readily but they are definitely allowed to do so.

2.3 Care of disabled people

2.3.1 Disability pension and care

Who is eligible for disability pension and care? Do residents and non-residents have the same rights?

Insured employees (after 26 weeks of employment) who are more than 20% handicapped have the right to disability allowances and after-care injuries.

In 2009, the SGB IX was adapted to the guidelines of the WHO (Convention on the Rights of Persons with Disabilities) and the general idea is to improve life for people with disabilities and not to remain in a deficit-oriented paradigm. In total, care and other integration measures to ensure employability and integration into daily life (therapies, transportation, workplace arrangements, etc.) can exceed the care insurance rates considerably.

2.3.2 Benefits

How large is the disability pension? Give the absolute average measure and relative to the prior salary (if applicable).

The disability pension is calculated on the basis of the average income of the last twelve months (§§ 56 Abs. 3, 81 ff. SGB VII, statutory accident insurance). If one loses all employability, a full pension of 66% is granted. If a partly incapacity to work exists, it is the percentage of this rent according to the degree of disability (a 30 % inability to work = 30% of 70% of the last yearly income is granted).

To integrate people with disabilities, every public and private employer with more than 20 employees is obliged to pay a fine if not at least 5% of the employees have disabilities. The fine was between €105-260 in 2011 and € 115-290 in 2012 depending on how much the number of employees with disabilities diverged from the 5% target. This is to enhance the chances of people with disabilities on the labor market. The fine is used to finance workplace improvements and relieve employers who obey the 5% rule and thus have to pay extra vacation time. Further, people with disabilities have a higher tax-exempt amount, better dismissal protection and often reduced public transportation (and other) fees (SGB IX). The SGB IX covers all medical expenses to restore full capabilities or to prevent deterioration. These payments can be received personally (to enhance social integration and autonomy of the disabled person), and since the reform of the SGB IX in 2008 there is a right to receive payments personally (§ 17 SGB IX) (another question is whether all persons with disabilities know how to get all of the benefits).

2.3.3 Services

Is there public care (residential house, home assistance) for disabled people? How large is the required co-financing? Is there a regulated maximum waiting time for a place, if yes, report how many months? Is there an option for home care, if yes, how this is regulated/compensated?

Yes (see section 2.2.3 question 2 and section 2.3.2). The financing of disability care depends on the body who pays: if it is the accident insurance, payments can be very high because the idea of (re-)integration is even more important here. Home care or the personal receipt of payments must not exceed otherwise granted payments. There is no regulated waiting time.

2.4 Poverty measures

2.4.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for poor (e.g. allowances for heating, electricity, food)? Please list only means-tested measures and follow a structure: the name of the instrument; who is eligible; what exactly one is entitled to receive (e.g. financial aid, a service based on caseworker's discretion).

Social aid (*Sozialhilfe*, SGB XII) can only be received by people who cannot provide for themselves by working or other incomes. Social aid includes: help for subsistence (§§ 27-40), subsistence assistance for elderly and for people with reduced earning capacity (§§ 41-46a), health assistance (§§ 47-52), integration help for people with disabilities (§§ 53-60), assistance to care (§§ 61-66), help in special need situations (§§ 67-69), help in other circumstances (§§ 70-74) as well as consulting.

The SGB II covers people who could normally pay for themselves but do not have work (*Arbeitslosengeld II*) and for those, basic unemployment benefits and social aid are the same since 2005. *Arbeitslosengeld II* is granted to people who are over 15-years-old, employable, needy (cannot provide for themselves), and live in Germany. The following groups are not granted this benefits: foreigners which are not employed in Germany or self-employed or have the right of free movement (EU), as well as their families in the first three months; foreigners only in Germany to search for a job and their families and beneficiaries according to the asylum seeker law (SGB II § 7). See for more details BAG *Wohnunglosenhilfe* (2014).

Germans living outside Germany can only receive social aid under special circumstances, for example if a child has to live outside Germany because of legal issues and only if there are not other possibilities in the country of residence (SGB XII §24).

2.4.2 Benefits and services

What anti-poverty measures are there and how large are they? Give absolute measures and relative to the average salary (if applicable). List also non-financial benefits like housing service for homeless, food-aid etc.

Social aid payments are calculated on the basis of existing other incomes (pensions, etc.) and the ‘need’ of the person. The gap between both is paid as social aid. The basic rate is €391 for a single person since 1st January 2014 (in 2005: €345). Children under six years get €229, between six and 14 € 261, under 18 € 296. Adults without their own apartment get €313. If two partners live together, both get €353 (see SGB XII § 28). The rates have been improved since 2005. For children under 18 there can be an extra € 10 for membership in sports clubs, music schools and the like since 2011 to improve social integration (§ 28 SGB II).

The rates for *Arbeitslosengeld II* (see 2.4.1) are the same as the rates of social aid and subject to the same changes. Social aid and *Arbeitslosengeld II* were combined in the early 2000s.

In addition to social aid or *Arbeitslosengeld II* the rent or costs for owned property are granted. There are rules for the ‘appropriateness’ of the apartment: a single person must not have a flat bigger than 45sqm, for two persons living together 60sqm. Rent and heating costs are granted; the amount depends on local price levels.

As of 2014, housing allowance is granted to help people pay their rent or sustain their owned property if they do not get social aid or *Arbeitslosengeld II*. Need is calculated on the basis of number of people in the household, the household income, and the rent to be paid. At the end of 2012, the mean granted subsidy was €114 per month and household which is, again, not a fixed amount (see Duschek and Buhtz, 2014). Changes since 2005: in 2009 the maximum rent to be subsidized was raised (10% increase) and the actually paid subsidies increased by some 60%. Because of increasing costs for heating, an additional heating cost allowance was granted but this was cut again in 2011.

Since 2011 low income families are granted a €100 allowance for each school-attending child for school supply and further assistance for lunch, transportation, and school trips as well as waivers for sports or music classes and learning aid (SGB II § 28) (see BMAS 2011).

The *Bundesausbildungsförderungsgesetz* (federal training assistance act, see below) is designed to support students if they or their parents cannot afford to pay for housing and living during their studies. As of 2014 the highest rate (which depends on parents’ money and whether the student has the need for their own apartment) was €597 (€670 including care and health insurance). For high-school students and students in dual-education, the BaFöG does not have to be repaid. From October 2008, the maximum rate increased from €585 to €643 (including insurance payments). In 2010 there was a 5% increase of the rates. Both times the amount of exemption was raised as well.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES (with the date of acceptance):

GKV-Wettbewerbsstärkungsgesetz (SHI Competition Re-enforcement Law) of 26th March 2007 (BGBl. I p. 378 Nr. 11), last changed by law of 28th July 2011 (BGBl. I p. 1622).

RV-Leistungsverbesserungsgesetz, (retirement benefits improvement law) of 23rd June 2014 (BGBl I Nr. 27 p. 787).Sozialgesetzbuch II (social security book two, basic security for unemployed) version of 7th May 2013 (BGBl. I p. 1167).

Sozialgesetzbuch V (social security book seven, health insurance) changed by th law for the modernsation of the social health insurance of 14th November 2003 as well as the durch panel doctors' rights amendment act of 22nd December 2006.Sozialgesetzbuch VII (social security book seven, accident insurance) – Gesetzliche Unfallversicherung in the version of 7th August 1996 (BGBl. I p. 1254), last changed by law of 19th October 2013 (BGBl. I p. 3836).

Sozialgesetzbuch IX, (social security book nine, rehabilitation and inclusion of handicapped persons) in the version of 19th June 2001 (BGBl. I p. 1046, 1047), last changed by law of 14th December 2012 (BGBl. I p. 2598).

Sozialgesetzbuch XII (social security book twelve, social aid) in the version of 27th December 2003 (BGBl. I p. 3022, 3023), last changed by law of 21st Juli 2014 (BGBl. I p. 1133).

Versicherungsvertragsgesetzt (insurance contract act, VVG) of 23rd November 2007 (BGBl. I p. 2631) last changed by law of 1st August 2014 (BGBl. I p. 1330).

3. Taxation and policies in respect of housing

3.1 Taxation

3.1.1 Consumer taxation

How large is the VAT, energy (electricity) tax, gasoline and diesel tax, and the tax for the oil used for heating homes?

The general VAT is 19% in 2014. There are exceptions for certain groups of products and services like e.g. food, books or theater entrance fees which are taxed with a reduced rate of 7% and others like housing rents and postal services which are not taxed. The general VAT was raised in 2007 from 16% to 19%. The reduced tax rate and the exceptions stayed the same.

Heating oil is taxed additionally with €25 per 1,000kg and gasoline is taxed with € 654.50 per 1,000l (EnergieStG § 2). The Ministry of Finance gives more concrete numbers: for gas as fuel: ca. 18 Cent/kg, natural gas: ca. 18 Cent/kg, Diesel: 47.04 Cent/Liter, Gasoline: 65.45 Cent/Liter (for these number see: BMF 2011). Another additional tax is paid on energy (electricity) which is, according to StromStG § 3, € 20.50 per MWh. All energy (fuels as well as electricity) taxes are paid on top of the VAT. No changes in either tax since 2005.

The *Wachstumsbeschleunigungsgesetz* (growth acceleration act) is basically a third growth package adopted by the CDU-FDP-coalition in December 2009. Interestingly enough, at the same time the debate shifted towards consolidating the budget whereas this package cost over €8 billion per year (€6 billion in 2010) for the period 2011-2014. The package included a raise of the tax exception amount for children from €6,024 to €7,008 and a €20 raise in child allowances to €184 (€190 for the third, for each consecutive €215), the reduction of inheritance tax for siblings and their children and for successors of companies, a reduction of the VAT for hotels from 19% to 7%, a tax cut for companies that fusion, another tax cut for

companies that allows to better claim for loss in the tax declaration, immediate depreciation of goods below €410, and additional bonuses for green energy facilities build after 1st January 2009.

3.1.2 Income tax and exceptions

What is the lowest taxable annual income and are there any exemptions, which kinds?

As of 2014, the minimum tax rate is 14% for incomes above €8,354 per year and the maximum of 45% for incomes above €250,731 (42% for between €52,882 and €250,731). For all taxable incomes above the minimum income, an additional 5,5% (without progression) of the paid tax is added on top as ‘solidarity contribution’ (*Solidaritätszuschlag*, introduced after reunification 1991). In 2005 the minimum tax rate was lowered from 16% (2004) to 15% and in 2009 it was lowered to 14% (always with the additional solidarity contribution on top). The income not taxed was €7,664 in 2005-8, €7,834 in 2009, €8,004 in the period 2010-2012, and €8,130 in 2013.

There are, in a very complicated and differentiated tax system, many possibilities to get some of the paid tax back: tax-free income is raised with every child, education costs, costs for care, donations and other things can claimed as expenses and this reduces the actually paid income tax. This is, obviously, not possible if one does not pay tax because of his/her low income.

3.1.3 Inheritance tax

How large is the tax and what exemptions are there?

Inheritance tax depends on the tax class of the (ErbStG § 19).

There are also considerable tax allowances (ErbStG § 16):

- for the partner: €500,000;
- for each (step) child: €400,000;
- each child of a passed child: €400,000;
- each child of a living child: €200,000;
- each further person in tax class I: €100,000;
- each further person in tax class II (e.g. siblings, cousins) or III (e.g. friends): €20,000.

3.1.4 Real estate tax

How large is the tax on private individuals' owed houses or apartments? Are there any exemptions, which kinds?

The (actually) nationwide tax per year is 3.5‰ of the value of the house from 1964 (for the apartment it is distributed accordingly). For the first €38,246.89 it is 2.6‰, for double houses there is another exception and 3.1‰ are calculated (GrStG § 15). In East Germany, however, the general rate is 10‰ - but on the value of the property of 1935. The rates are stable since 2005 (in fact much longer) (GrStG § 42). However, each commune uses a different millage rate with a minimum of 200% (that means not 3.5‰ are calculated but at least 7‰) and

reaching 825% - this is adjusted from time to time. Exceptions can be made for houses under monument protection if the costs top the profits of the property.

The German housing market is “characterized by a low homeownership rate and a large market share for private landlords” and the market was quite resilient during the crisis. (Kofner, 2014:255)

3.2 Rights related to mortgage loans or unpaid rent

What happens if the owner of a house/ apartment is unable to meet their payment commitments? Is there any regulation of evictions? What happens if a person renting the house/apartment is unable to meet their payment commitments? Is there any regulation of evictions?

Evictions are possible on the grounds of *Zivilprozessordnung* (ZPO) § 885 (civil process order) if for example the rent is not paid anymore or the contract is not in place anymore for other reasons. The costs of the eviction have to be paid by the debtor. In the case of special needs or social situation an evicted person can be offered a place in a homeless shelter. In very special cases the person can get exemption from judicial execution along § 765a ZPO.

3.3 Social housing

Is there an institution of social housing and who is eligible to stay there, for how long a time period?

As of 2014, there is a program targeting low-income families to support their search for housing (*soziale Wohnraumförderung*, social housing support). It targets households with an income below €12,000 (one person), €18,000 (two persons, €18,500 if second person is a child) and for each additional person €4,100 (€4,600 if it is a child) (WoFG § 9). The assistance can be monetary to assist investment, the assumption of guarantees or allocation of (cheaper) building plots (WoFG § 2). The problem is that the money is commissioned in the federal budget every year and it is not ensured that everyone below the income maximum actually benefits from this form of subsidy.

People who do not find an apartment they can pay are granted *Wohngeld* (housing assistance), see above.

There is no official national statistic on shelters or how often and under which circumstances people seek shelter. Some 284,000 are estimated to be without housing and, depending on local circumstances, are supported by soup kitchens and sleeping places. The administration and local police laws of the *Bundesländer* (regional states) together with the human rights catalogue within the constitution give the legitimation and obligation for a place to stay overnight every day of the week and § 25 SGB XII states a right to initial assistance with food (see BAG *Wohnungslosenhilfe*, 2013).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES (with the date of acceptance):

Energiesteuergesetz (energy tax act, EnergStG) of 15th July 2006 (BGBl. I p. 1534; 2008 I p. 660, 1007) last changed by law of 18th July 2014 (BGBl. I p. 1042).

Gesetz zur Reform des Erbschaftsteuer- und Schenkungsteuerrechts (law for the revision of the statute governing inheritance tax and valuation) of 17th April 1974 (BGBl. I p. 933), last changed by law of 20th December 1996 (BGBl. I p. 2049).Einkommensteuergesetz (income tax act, EstG) in the version of 8th October 2009 (BGBl. I p. 3366, 3862), last changed by law of 18th July 2014 (BGBl. I p. 1042).

Grundsteuergesetz (federal real estate tax act, GrStG) of 7th August 1973 (BGBl. I p. 965), last changed by law of 19th December 2008 (BGBl. I p. 2794).Stromsteuergesetz (electricity tax act, StromStG) of 24th March 1999 (BGBl. I p. 378; 2000 I p. 147), last changed by law of 5th December 2012 (BGBl. I p. 2436, 2725).

Wohnraumförderungsgesetz (federal housing promotion act, WoFG) of 13th September 2001 (BGBl. I p. 2376), last changed by law of 9th December 2010 (BGBl. I p. 1885).

Zivilprozessordnung (code of civil procedure, ZPO) in the version of 5th December 2005 (BGBl. I p. 3202; 2006 I p. 431; 2007 I p. 1781), last changed by law of 8th July 2014 (BGBl. I p. 890).

Wachstumsbeschleunigungsgesetz (growth acceleration act), in: Deutscher Bundestag Drucksache 17/15, 09.11.2009. Gesetzentwurf der Fraktionen der CDU/CSU und FDP. Entwurf eines Gesetzes zur Beschleunigung des Wirtschaftswachstums (Wachstumsbeschleunigungsgesetz).

4. Family policies and costs of education

4.1. Maternity/parental leave

4.1.1 Eligibility and flexibility

Who has the right to take maternity/parental leave, and for how long? Can it be combined with part-time working?

As of 2014, both parents (including step-parents) are entitled to go on parental leave parental leave (*Elternzeit*) during the first three years and both can go together. Parent allowances are paid for twelve months or, since 2007, if both partners share the parental leave, for 14 months (this change was introduced to encourage fathers to take a share). Single parents are automatically granted 14 months. This can be combined with part-time working up to 30h/week. In companies with more than 15 employees the parent has a right to part-time work (15-30h/week) also after the first three years, in smaller companies this is up to negotiation (BEEG). Eight weeks after the date of birth (12 if it is early of siblings) the mother is not allowed to work (she gets her full pay though). Optionally, this can be enlarged to six weeks before the date of birth. The termination of a contract for pregnant women or employees on parental leave is not possible.

4.1.2 Benefits

How large is the payment when the person is on maternity/parental leave? Give the absolute average measure and relative to the prior salary (if applicable).

During maternity leave (eight to 12 weeks after and optionally six weeks before the date of birth) the full net income is paid. After that, on parental leave, 65% of the net income is paid for employees earning more than €1,240 (66% of €1220, 67% between €1,000 and €1,200). It

is minimum €300 and can go up to a maximum of €1800. For incomes below €1,000 for every €2 the childrearing benefit increases by 0.1 per cent. If another child is born within 24 months the childrearing benefit is increased by 10% (OECD 2014:14). Families earning more than €500,000 a year do not get parental allowances (and neither do single parents earning € 250,000 per year) (see BEEG). The OECD calculated that the ‘average payment rate’ for parental leave is 49.4% (OECD 2014).

Since 1st December 2013, parents can get *Betreuungsgeld* (childcare subsidy) if they take care of their child themselves and do not use a nursery facility. The allowances was €100 per month until 1st August 2014 and is now €150 per month from the 15th to the 36th month of the child (see also BMFSFJ 2012). This is expected to make women stay at home more again. In general, however, the law of 2007 improved payments and flexibility.

4.2 Child allowance

Who is eligible to receive child allowance and how large is it?

Parents (or step-parents, or legal guardians) receive child allowances for every child until the age of 18, or in case the child is unemployed until the age of 21, or as long as it is in education (university etc.) until the age of 25. As of 2014 (and since 2010), for the first and second child it is €184, for the third € 190 and for each consecutive € 215 (from 2004 to 2008: €154, €154 €154, €179; in 2009: €164, €164, €170, €195). In 2009 a one-time bonus of €100 was paid as part of the economic growth packages reacting to the crisis.

4.3 State policy towards families with excessive debts/ over indebtedness

Is there any aid (benefits or services) for families that have excessive debts? Do children have to pay back the loans taken by their parents (can one inherit a loan)?

There is the *Kontopfändungsschutzgesetz* (bank accounts attachment protection act) which was changed and improved in 2010 and secures the minimal economic autonomy of a debtor. One can inherit debts but decline an inheritance if it is debt on balance.

4.4 Eligibility and costs of pre-school, primary-school education in public sphere, specify which ages pre-school and primary school refer to in your country

4.4.1 Pre-school

If there is a public pre-school system – who is eligible for it and how large are the fees? Are there any exemptions, which kind?

In kindergartens there is sometimes, depending on the institution, some sort of learning plan.

Since 1996, the *Kinder- und Jugendhilfegesetz* (KJHG) grants a (half-day) place in a kindergarten for every child from age three (BVerfG im Urteil zum § 218 StGB, siehe auch § 24 SGB VIII[18]).

The fees differ considerably between regions and the local level and are connected to the household income. According to a study (employer-financed), the costs for one child aged four years (at least four hours a day) varied in 100 investigated communities in 2009/2010 between €0 and €1,752 per year (for a family with €45,000 income) or €2,252 (for a family

with €85,000). For two children (one 3.5 years, the other one 5.5 years), the cost amounted to up to €2,672 (€45,000 income) or €3.696 (€80,000) (INSM 2010).

As of 2013, parents have a right to a place in a daycare center for children older than 12 months.

4.4.2 Primary school

Are there any fees in public primary schools? How large? Are families eligible for benefits?

There are no fees for public schools. Primary school is usually from first to fourth grade. Some *Bundesländer* (regional states) split up secondary schooling (Gymnasium, middle school, secondary modern school) only after the sixth grade. There have been no changes since 2005.

4.4.3 Gymnasium

If there is a public gymnasium system – who is eligible for it and how large are the fees? Are there any exemptions, which kind? Are families/pupils eligible for benefits (transportation, housing, lunch etc.)?

There are no fees for public schools.

Since 2011, low income families have been granted a €100 allowance for each school attending child for school supply and further assistance for lunch, transportation and school trips (SGB II § 28).

The *Bundesausbildungsförderungsgesetz* (federal training assistance act) is designed to support students if they or their parents cannot afford to pay for housing and living during their studies. As of 2014, the highest rate (which depends on parents' money and whether the student has the need for their own apartment) was €597 (€670 including care and health insurance). For high-school students and students in dual-education, the BaFöG does not have to be repaid. From October 2008 the maximum rate increased from €585 to €643 (including insurance payments). In 2010 there was a 5% increase of the rates. On both occasions the amount of exemption was raised as well.

4.5 Costs of university level studies

4.5.1 Tuition fees and exceptions

How large are the fees at public universities and are there any exceptions?

As of (end of) 2014, there are no tuition fees in Germany but there are non-voluntary fees for student services and the student union which often include public transportation and which range from €40 to €300 per semester, depending on state and university. Over previous years, tuition fees have been a controversial topic and several states (education including universities are governed at the *Länder*-level) introduced and rescinded tuition fees of €500. In Baden-Württemberg the tuition fee went up to € 500 from April 2007 until Winter 2011. In Bavaria from October 2013 onwards tuition fees introduced in April 2007 (€100-500) were rescinded. In Hamburg fees were also introduced in April 2007, reduced from €500 to €375 in October 2008 and cancelled in October 2012. In Hesse, the €500-tuition fee existed from October

2007 for one year, in Lower Saxony from October 2006 until September 2014, in North Rhine-Westphalia from October 2006 until September 2011, and in Saarland from October 2007 until September 2010. There are still tuition fees for foreign students, for second degrees or for long-time students. On the other hand there were always exceptions for students from economically weaker backgrounds.

Are students eligible for benefits (housing, transportation, etc.)?

The *Bundesausbildungsförderungsgesetz* (federal training assistance act) is designed to support students if they or their parents cannot afford to pay for housing and living during their studies. As of 2014 the highest rate (which depends on parents money and whether the student has the need for an own apartment) was €597 (€670 including care and health insurance). For students with their own children there is a bonus of €113 for the first and € 85 for each consecutive child. From October 2008, the maximum rate increased from €585 to €643 (including insurance payments). In 2010, there was a 5% increase in the rates. Both times the amount of exemption was raised as well. The next raise will be in 2016. Half of the BaFöG (less if the student's grades are in the upper 30% of the year) must be repaid by the student after graduation. This can be postponed if the income after graduation is not sufficient yet.

Public transportation tickets offered by most universities can also be regarded as a benefit since they are usually much cheaper than monthly or yearly rates.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE POLICIES AND POLICIES AFFECTING THE FUNDING OF THE EDUCATION (with the date of acceptance):

Bundeselterngeld- und Elternzeitgesetz (parental allowance and parental leave act, BEEG) of 5th December 2006 (BGBl. I p. 2748), last changed by law of 15th February 2013 (BGBl. I p. 254). Bundesausbildungsförderungsgesetz– (federal training assistance act, BAföG) in the version of 7th December 2010 (BGBl. I p. 1952), last changed by laws of 22nd November 2011 (BGBl. I p. 2258), of 6th December 2011 (BGBl. I p. 2569), and of 7th December 2011 (BGBl. I p. 2592).

Bundeskindergeldgesetz (federal family benefits act) in the version of 28th January 2009 (BGBl. I p. 142, 3177), last changed by law of 26th June 2013 (BGBl. I p. 1809). Law for the reform of the Kontopfändungsschutzes (bank accounts attachment protection act) of 7th July 2009, BGBl I Nr. 39, 1707ff.).

Kinder- und Jugendhilfegesetz (Child and Youth Services Act) of 26th June 1990 (BGBl. I p. 1163), last changed by law of 15th December 1995 (BGBl. I p. 1775).

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Greece

Summary

The reforms affected in Greece since the outburst of the crisis have been massive, leaving no section of society unaffected. Most new measures comply with the policies of austerity imposed by the Troika, and aim at reducing public expenses (mainly for health, pensions and social insurance) while increasing public revenue (via the introduction of new taxes). The public sector has been reorganized and reduced, while citizens see their rights as being impaired.

Efforts towards the flexibilization of the labor market cover measures, such as the establishment of a national minimum wage in 2012 at €586, which lower the standards set up in the past by sectoral collective agreements, while the introduction of rules make dismissals easier for employers. At the same time, unemployment benefits are reduced and conditions for eligibility are becoming stricter.

The public sector has been more dramatically affected by the reduction of wages, the abolition of the thirteenth and fourteenth monthly wages (i.e. holiday allowances), the repealing of the 'permanency' clause of civil servants and the suspension of posts due to general restructuring. Huge reforms have been applied at the administrative level in the social security system as well as in the healthcare system. The retirement age is progressively increasing throughout the crisis and a new system for the estimation of pensions is introduced together with the enforcement of new taxes (such as 'solidarity contributions') on pensions and the abolition of special benefits to pensioners. Citizens' contribution to healthcare services and medication have been raised, while the infrastructure of the NHS of Greece has deteriorated due to funding cuts and structural changes. Such structural reforms were also applied in education, which despite remaining public, has undergone a downgrading also due to reductions in budgets, staff and schooling facilities.

Taxation has also been subject to reform during the crisis. The VAT rate rose to 23% from a pre-crisis 19%. The tax system has undergone multiple reforms, with the introduction of new taxes, which led to sharp increases in income taxes and inheritance taxes. Finally, a new

unified real estate tax system was introduced in 2014, thus dramatically increasing property taxes.

1. Labor policies (employment, unemployment, and rights of unionization)

1.1 Employment

1.1.1 Termination of contracts

In 2014, the termination of permanent work contracts in the private sector, lasting more than 12 months, cannot be made without prior written notice of the employer, which will be valid the day after its notification to the employee. The time when the notice should be given depends on how long the employee has worked there: from one to two years, a notice of one month before the dismissal should be given; from two to five years, a notice of two months; from five to ten years, a notice of three months; for more than ten years, a notice of four months. The employer, who gives to the employee the written notice as stated above, pays half the compensation (as estimated in next paragraph).

Before 2012 (i.e. before the introduction of Law 4093/2012), the months of notification were one to six instead of one to four, i.e. five months' notice applied to 15-19 years of work, and six months' notice applied for 20 years of work or more).

Before 2010, employees who had completed less than 12 months of work were also entitled to compensation (from the second month of work according to Law 3198/1955). This right has been lost since 2010, based on the argument that the first year of employment is a trial period. The employer who does not give advance notice pays the whole amount of compensation, which is defined as follows: two months' salary for one to four years of work; three months' salary for four to six years of work; four months' salary for six to eight years of work; five months' salary for eight to 10 years of work; and six months' salary for 10 (completed) years of work. Above this level, a salary is added for each additional year of work (i.e. seven months' salary for 11 years of work) up to 16 (completed) years of work, for which 12 months' salary correspond. For 17 (completed) years of work or more, employees are entitled to 12 months' salary and an extra amount, which will be calculated for all the additional months for which the employee is entitled, but with a ceiling of €2,000, which did not exist

prior to 2012, which again indicates a tendency towards making the termination of contracts easier for employers.

Redundancy is considered a fair ground for dismissal by law and does not entail a penalty as long as businesses or firms with 20 to 150 employees dismiss up to six employees in a month, and businesses or firms with more than 150 employees dismiss up to 5% of the staff – but not more than 30 employees. If redundancy exceeds the above limits, the employer must deliberate with employees' representatives in order to investigate the possibility of avoiding them. The consultation period is twenty days. The result is written to a report signed by both parties and submitted to a prefect or the Minister of Labor. In case of agreement, redundancies are applied 10 days after the report is submitted. In the case of disagreement, the prefect or Minister of Labor either extends the period of deliberation or disapproves all or part of the planned redundancies.

Before 2010 and since 1983 the rules for dismissal were stricter, so that for businesses or firms which occupied 20 to 50 persons could dismiss no more than five employees and businesses with more than 50 employees could dismiss up to 2-3% of the staff (and not more than 30 persons). In the public sector, after Law 4172/13 was passed, the use of 'non-active' and 'mobility' job status for civil servants has been established. This status lasts for a period of eight months, during which employees receive 75% of their basic earnings and if possible they are transferred to another position within the public sector. If at the end of the eight-month period no new job has been found, employees can be dismissed. This new institutional framework speeds up dismissals in the public sector, which are justified on the basis of the abolition of job position.³³

³³ The removal of the 'permanence' clause in the public sector which equates redundancy terms in the public sector with those existing in the private sector alongside with numerous other after-crisis measures, such as the introduction of a unified payroll, which overall downplays civil servants' salaries, the abolition of the 13th and 14th monthly salaries and the increase of working hours have led to an unprecedented depression of civil servants' rights during the crisis. For more see Kouzis, G. (2014). "The work in the maelstrom of economic crisis and Memoranda". In: S. Zamparloukou and M. Kousis (eds) *The social consequences of the crisis in Greece*. Athens: Pedio (in Greek).

1.1.2 Minimum Wage (rights)

Since February 2012, the national minimum monthly salary is €586.08 for employees over 25 years and €510.95 for employees under 25 years of age. The national minimum wage is €26.18 per day for skilled workers over 25 years old and €22.83 per day for skilled workers under 25 years old.

Before 2012, there was not a single national minimum salary set by law, but the minimum salary and wages were set by sectoral agreements.

The establishment of the aforementioned minimum wage in 2012 is estimated to equal a reduction of 22% of the minimum wage for workers aged above 25 and 32% for those aged below 25.³⁴

1.1.3 Vacation (rights, benefits)

Employees in the private sector have paid time off for national holidays by law and are entitled to an annual paid leave.

Greek law stipulates a (minimum) annual holiday entitlement of 24 working days for employees who work a six-day week and 20 working days for employees who work a five-day week. This basic entitlement increases by one day for each additional year of employment, up to a maximum of 26 working days for those on a six-day week and 22 working days for those on a five-day week. For those having completed 10 years of employment in the same employment or 12 years anywhere, the days of paid vacation increase to 30 (for those working six days per week) and 25 (for those working five days per week). After having completed 25 years of work, employees are entitled to one additional day of paid vacation, which did not apply before 2008. If by the fault of the employer the paid vacation is not given to employee by the end of the calendar year, the employee is entitled to paid leave increased to 100%.

³⁴ Avram, S. et al., 2013. 'The Distributional Effects of Fiscal Consolidation in Nine Countries', Euromod Working Paper No 2/13, pg.35.

Employees are also entitled to a vacation allowance together with their paid vacation. Vacation allowance is calculated as the paid leave, i.e. it equals paid leave with the constraint that it cannot exceed the amount of half salary for those who are paid with salary or that of 13 working days for those who are paid with (daily) wages.

Employees are also entitled to holiday allowances for Christmas and Easter vacations. For employees who are paid with salaries, Christmas allowance equals to the salary of one month and Easter allowance equals half of their monthly salary. For those who are paid on a daily basis (i.e. wages), Christmas allowance equals 25 wages and Easter allowance equals 15 wages.

From 1st January 2013 (Law 4093/2012) both entitlements for Christmas and Easter allowances are completely abolished for those working in the public sector (including the 'wider' public sector, i.e. public entities, public utilities and local authorities).

In 2011, these allowances were redefined in a way that drastically reduces them: instead of being calculated based on employees' salaries or wages, they formed horizontally at €500 for Christmas allowance and at €250 for Easter allowance, while they abolished for civil servants with gross monthly earnings exceeding €3,000.

1.2 Unemployment

1.2.1 Eligibility and Constraints

Anyone who is at least 15 years of age and younger than 74, not receiving a disability or old age pension and who is able, ready, available and willing to work can officially registered as unemployed. Students and college students are excluded by law, unless they were employed and laid off from work before.

The eligibility criteria for unemployment benefits are: only salaried employees/workers (insured with IKA) are entitled to collect unemployment benefit from OAED (Manpower Employment Organization) if fired, laid off or otherwise terminated from a job. Working illegally or as an independent or self-employed does not qualify somebody for unemployment benefits.

Those claiming unemployment benefit for the first time should have been employed for the past two years; worked at least 80 days per year (or 200 days for the past two years); worked at least 125 days in the past 14 months, not including the last two months prior to dismissal. For subsequent claims, one must have at least 125 working days in the last 14 months, not including the last two months prior to dismissal. Seasonal workers (e.g. those in tourism) must have 100 days in the last 12 months or 100 days in the last 14 months (depending on whether they have been employed as seasonal workers for two successive periods of employment or not).

From January 2013, an additional criterion has been introduced – thus making the right more exclusive: one should not have claimed more than 450 days of benefit in the last four years. This criterion became even tougher as of 1st January 2014, with unemployment benefit granted for a maximum of 400 days in the last four years.

The payment period depends on the number of insurance days the unemployed has completed for the last 12, 14 or 24 months and lasts between five and 12 months. The benefit is paid once a month for 25 days and when the period expires, the unemployed should satisfy the requirements again from the beginning.

Before March 2014, the public sector did not entitle its employees to unemployment benefits, because until recently they were protected from dismissal. This means that public servants were not subject to the unemployment insurance of the Manpower Employment Organization. A provision added to the Law 4254/2014 states that the laid off permanent officials in the public sector, in legal entities of public law and in local authorities will also receive compensation calculated using their basic salary, without bonuses and benefits, at the time of their dismissal and up to the sum of €15,000.

1.2.2 Benefits

Since 1st January 2008, unemployment benefit is 55% of daily wage salary with the reduction of minimum monthly salary and daily wages.

In March 2012, the amount of the benefit decreased at €360 (i.e. 22% decrease)³⁵ with a 10% increase for each dependent child. Before 2012 it was €461.50/month, while before 2010 it was €454.25/month.

1.2.3 Services

Training during unemployment period is not obligatory. The unemployed have the opportunity to participate in educational, counseling, occupational programs and on Institute of Professional Training of Labor Employment Office. On these programs, the long-term unemployed get extra points for attendance. Help for starting their own small business is given through National Strategic Reference Framework, bank loans or the Manpower Employment Organization.

1.3 Unionization and Strikes

1.3.1 Unions and bargaining

According to Law 1264/1982, any worker/employee who has worked for at least two months for the same employer and has a legal contract of permanent employment has the right to be part of a union. Unionization rights are specified in the constitution and defined in Law and there have not been significant amendments in Law since 1982. Worker councils, committees or equivalent bodies are mandated by law and the employers have the legal duty to bargain and meet with the representatives of the unions, if they requested to, once a month and resolve any emerging problems.

1.3.2 Strikes

All workers have the right to strike apart from judicial officials, security corps and any official who works in sections of vital significance for the service of basic needs of society. Wildcat strikes which are not authorized by the labor union are not legal. Regarding duration, a strike can last until the court holds the decision of the union illegal. Political strikes are illegal and can be considered as legitimate only if they represent an act of resistance towards the maintenance of the constitution. Sympathy and solidarity strikes are legal as long as the

³⁵ Avram, S. et al., 2013. 'The Distributional Effects of Fiscal Consolidation in Nine Countries', Euromod Working Paper No 2/13, pg: 34.

main strike is legal and in progress, the sympathy strike will enhance the main strike and will not last longer than the main strike. Employers are not allowed to fire or replace striking workers. Employers' lockouts are not allowed by law.

List of regulations/laws: 3863/2010, 4024/2011, 4144/2013, 4093/2012, 4254/2014, 4203/2013, 3896/2011, 4172/2013, 1264/1982, 3899/2010, 3863/2010, 4172/2013, 3302/2004, 1264/1982.

2. Healthcare and social aid

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

Sickness benefit payment is divided into two parts: an amount paid from insurance institutes and another amount paid from the employer. In the first case, sickness allowances can only be received by insured employees who feel ill temporary and are for over three days unable to work and have visited a physician affiliated with E.O.P.Y.Y. A prerequisite for the entitlement is to have completed 120 days of contributions in the previous year or in the last 15 months, excluding the last three months (exception applies for construction workers).

Before 2009, entitled to the sickness benefit were those who had completed 100 days of contribution in the previous year or in the last 15 months excluding the last quarter, which means that conditionality for the entitlement has increased.

As far as the employer's contribution in the allowance is concerned, the employee should have completed at least 10 days of work in the company. There are no differences between residents and non-residents, as long as the latter legally reside in Greece. The maximum period for the sickness benefit is 720 days for the same disease and 182 days for different diseases in one year, as long as the temporal conditions are satisfied.

2.1.2 Sickness benefits

The amount of sickness benefit depends on the earnings (wages) of the last 30 days of the employee in the previous year. Sickness benefit given by the insurance institute is 50% of

daily earnings and is paid after a three-day waiting period, according to wage class. The insurance institute does not pay sickness benefit for an absence of less than three days, but this waiting time is not counted in the second occurrence of disease in the same year.

For the first three days of absence from work due to disease (or in case of absence less than three days from work), the employer is obliged to pay half of the daily wage. For the following days of absence, the employer pays the difference between the wage and the sickness benefit paid by the insurance institute. If the insured has worked for the same employer for at least a year, the employer must pay the difference between the cash benefit and the employee's earnings for a month; if the employment period is less than one year; the employer pays the difference for two weeks.

The dependant's supplement is 10% of the benefit for each dependant, up to 40%. The daily benefit (including the dependants' supplements) for the first 15 days is up to €16.02; from the 16th day to the 30th day, up to €29.44; after the 30th day, up to 70% of the daily wage of the worker's wage class. If the insured is hospitalized and there are no dependants, 33% of the benefit is paid.

Before 2010 and since 2007, the daily benefit (including dependants' supplements) for the first 15 days was up to €15.22; from the 16th day to the 30th day, up to €27.97; after the 30th day, up to 70% of the daily wage of the worker's wage class. From 2006 to 2007 the daily benefit (including dependants' supplements) for the first 15 days was up to €14.07; from the 16th day to the 30th day, €25.86; after the 30th day, up to 70% of the daily wage of the worker's wage class. Before 2006, the maximum daily benefit (including dependant supplements) for the first 15 days was up to €12.89; from the 16th day to the 30th day, €23.69; after the 30th day, up to 70% of the daily wage of the worker's wage class.³⁶ In the public sector, sick leave is paid by the responsible ministry office.

³⁶ SSA, 2004-2013, Social Security Programs Throughout The World: Greece, US Social Security Administration, Washington.

2.1.3 Healthcare services

The insured person contributes 25% for medicines prescribed by the doctor, 15% for paraclinical examinations and €5 if the examinations are made in a public hospital³⁷. Before 2011, user fees for examinations in public hospitals were €3 and contributions for certain medicines were cheaper by 10% or more depending on disease.³⁸ Hospitalization in a public hospital is free of charge.³⁹ Those without insurance are eligible for some health coverage after means-testing.⁴⁰ Since June 2014, with a decree of the Ministers of Finance, Health and Labor, Welfare and Social Security, it has been decided that the uninsured are eligible for free pharmaceutical provision.

2.2 Elderly Care

2.2.1 Retirement age and eligibility

The effective age at which Greek workers exit the labor market is 61.9 for men and 60.3 for women.⁴¹ Retirement age is estimated within a very complicated system. The number of insurance years, the date of the first contribution, the year of the last contribution, the type of work, the sector, gender and other special characteristics (e.g. number of underage children) are all taken into account in order to determine the exact retirement age. Amendments in retirement age have been gradually applied for different categories (as defined by the combination of the aforementioned criteria) during the crisis.

Today and since 1st January 2013 the age limit for a pension is 62 years for a reduced pension and 67 for a full pension.⁴² However, there is a statutory right for those insured before 1992 to retire earlier (e.g. at 50 years for some categories of the public sector).

³⁷ European Commission, 2013, Your social security rights in Greece, Employment, Social Affairs and Inclusion).

³⁸ Kentikelenis, A., Karanikolos, M., Reeves, A., McKee, M. Stuckler, D. (2014) Greece's health crisis: From austerity to denialism, *The Lancet*, Vol. 383, Issue No. 9918, pp. 748–753.

³⁹ In January 2014, a cost of € 25 for inpatient admission was set for the first time, but was rolled back within a week after intense public pressure (Kentikelenis, *ibid.*).

⁴⁰ *Ibid.*

⁴¹ OECD. 2013a. Pensions at a Glance 2013: Retirement-income systems in OECD and G20 countries (Paris). Available at: <http://www.oecd.org/pensions/pensionsataglance.htm>

⁴² Specifically, the new (since 2013) conditions of retirement for all, are configured either at 62 years of age with 40 years of contributions or at 67 year of age with 15 years of contributions.

Since 1st January 2014, retirement age is increased for the following categories:

- For those insured for arduous occupations (with 10,500 days of contribution, of which 7,500 for heavy work), retirement age will be increased by six months, i.e. retirement age is set for them at 61.5 years and early retirement at 59.5 years.
- Women insured with I.K.A should be at least 62 years old or 60.5 years for a reduced pension.
- Those insured for their work in airline companies will receive a full pension at 62 years of age and a reduced pension at 57 years.
- Uniformed workers who want to retire without age limit will be faced with an increase in the required time of insurance contributions.

Before 2013, the age limits were 60 and 65 years for a reduced and full pension respectively.

The main characteristics of the pension reform on retirement age since 2010 are:⁴³

- The statutory retirement age for women is gradually raised from 60 to 65 by December 2013, to match the current retirement age for men.
- Early retirement for all including workers in arduous occupations is restrained by limiting the minimum early retirement age to 60 by 2011.

Before 2010, retirement age was 62 years for men and 57 years for women for a full pension. Regarding early retirement, people insured in IKA (social insurance institute for the employees of the private sector) can choose to retire with reduced pensions of up to -30%, avoiding thereby to work five more years (conditions apply). For each month remaining until the completion of the age limit for full pension, the reduction amounts to 0.5% of the basic amount.

⁴³ Sarfati, H.; Ghellab, Y. 2012. The political economy of pension reforms in times of global crisis: State unilateralism or social dialogue? Working Paper No. 37 (Geneva, ILO). Available at: http://www.ilo.org/ifpdial/information-resources/publications/WCMS_176346/lang-en/index.htm

2.2 Retirement benefits

The public pension system in Greece consists of three parts: earnings-related basic pension, earnings-related supplementary pension, and minimum pension benefits.⁴⁴

In general, the amount paid for old age pension depends on the total monthly earnings received by the insured during the working lifetime and the number of months of employment. There are different configurations in the coverage of the insurance risk, the conditions for granting benefits and the level of benefits for those who had joined IKA until 31st December 1992 and those who joined after 1st January 1993.

Today, pensions are calculated on the basis of the entire employment career (for employees' contributions since 2011), while before January 2011 they were calculated based on the best five of the last ten years of contributions.⁴⁵

The conditions for basic pension are the coverage of a specified period of insurance contributions and the completion of certain age limits, which greatly vary among different categories.⁴⁶ The conditions for the supplementary pension for those insured with IKA are identical to the conditions for the basic pension. The pension amount is determined by the Minister of Labor, Social Security and Welfare. In any case, the amount from 1st January 1998 onwards for 35 years of contributions does not exceed 20% of regular salary or pensionable earnings.

Since 2010 pensions have been significantly reduced via the introduction of special taxes:⁴⁷

- The 'Pensioners' Solidarity Contribution' applies in basic pensions, with tax rates rising from 3% for pensions between €1,400 and €1,700 per month to 10% (14% since 2011) for pensions exceeding €3,500 per month, together with the 'Additional

⁴⁴ Sarfati and Ghellab, 2012, *ibid*.

⁴⁵ More details on the pension reforms before 2011 can be found in Matsaganis M. (2011) The welfare state and the crisis: the case of Greece. *Journal of European Social Policy* 21 (5): 501- 512.

⁴⁶ <http://www.ggka.gr/asfalistikokefIV.htm>, General Secretariat of Social Security, Ministry of Labor, Social Security and Welfare.

⁴⁷ Avram, S. et al., 2013. 'The Distributional Effects of Fiscal Consolidation in Nine Countries', Euromod Working Paper No 2/13, p.33.

Pensioners' Solidarity Contributions' i.e. a tax applicable to pensioners below 60 with main pensions exceeding €1,700 per month, with rates rising from 6% to 10%.

- A tax has been introduced on supplementary pensions with tax rates rising from 3% for pensions between €300 and €350 per month to 10% for pensions exceeding €650 per month. Since 2012, all supplementary pensions are subject to an additional tax, with tax rates rising from 10% for pensions up to €250 per month to 20% for pensions exceeding €300 per month.
- Since November 2011 all pensioners below 55 with basic pensions exceeding €1,000 are subject to 40% taxation. The tax rate applies to the pension amount exceeding €1,000 after all solidarity contributions concerning basic pension have been deducted. Persons aged above 55 with basic pensions exceeding €1,200 are subject to 20% taxation. The tax rate applies to the pension amount exceeding €1,200 after all solidarity contributions concerning basic pensions have been deducted.
- Since January 2012 all basic pensions exceeding €1,300 are subject to 12% taxation. The tax rate applies to the pension amount exceeding €1,300 after the deduction of all solidarity contributions concerning basic pensions. Pensions are not allowed to fall below €1,300.

In addition, since 2013, the annually seasonal bonuses on pension payments (i.e. for Christmas, Easter and summer, which correspond to two months' payments) were abolished (Law 4093/2012).

Today and since 2010 the minimum basic pension benefit is set to €360 (Law 3863/2010 applying from 2015), while before 2010 it was €486.⁴⁸

Additionally, there is a means-tested benefit for pensioners with incomes below € 850 (E.K.A.S.), which ranges from €30 to €230 (depending on income). The conditions for this benefit are: a) to have completed 65 years of age and to have a total annual private income less than €9,884.11 b) to have an annual family income less than €15,380.90. c) to have a total net annual income from pensions less than € 8,472.09, d) to reside permanently in Greece.

⁴⁸ For a detailed account on the pension reform see: Petmesidou, M. (2013) Is social protection in Greece at a crossroads? *European Societies*, 15 (4): 597-616.

2.2.3 Elderly care services

There is not a public elderly care system in Greece. In 2013 there have been enacted programs of assistance at home for the uninsured elderly as well as programs of nurses' assistance at home for the elderly and the disabled. These programs are not yet in operation. Residential homes for the elderly and day care centers for the elderly are administered by the municipalities.

2.3 Care of disabled people

2.3.1 Disability pension and care

Disabled people who have been certified by the Disability Certification Centers (KEPA) and meet the criteria set by insurance institutes are entitled to disability pension. The Disability Certification Centers established in 2010, thus merging the services of disability degree determination which were provided by separate centers of disability certification before 2010. The conditions for the determination of disability percentage (i.e. the certified diagnosis of disability) became stricter in 2012, when a table of minimum percentages per category has been set.

Specifically, the condition for the entitlement to disability pension is to be assessed using the categories of having a severe disability (80% to 100%) or an ordinary disability (67% to 79.9%) with 300 to 4,500 days of contributions, depending on age, or 1,500 days of contributions, including 600 days in the five years before the disability began, while the entitlement to partial disability is to be assessed with a disability of 50% to 66.9%.⁴⁹ Before 2009, disability pension was only awarded to insured persons with at least an 80% disability with a maximum of 4,500 days of contributions; 300 days if younger than age 21: or 1,500 days of contributions, including 600 days in the five years before the disability began.⁵⁰ This means that the right has become more inclusive with the course of time.

⁴⁹ SSA, 2004-2013, Social Security Programs Throughout The World: Greece, US Social Security Administration, Washington.

⁵⁰ Ibid.

There is also a special disability pension, to which the insured who suffer from a disease specified by law are entitled, while before 2011 only the injured assessed as totally blind and who have at least 4,050 days of contribution were entitled,⁵¹ which again shows that the right is becoming more inclusive gradually.

2.2.2 Benefits

Pensions are based on the length of coverage and pensionable earnings in the last five years, plus 1% of earnings for every 300 days of contributions from 3,300 to 7,800 days, plus 1.5% to 2.5% (depending on the insured's wage class) for every 300 days exceeding 7,800 days. The benefit is higher for insured persons who paid contributions while employed in arduous and unhealthy work. For a severe disability, 100% of the pension is paid; for an ordinary disability, 75% of the pension is paid (100% if the insured has 6,000 days of coverage or the disability is the result of a psychiatric condition) and for a partial disability 50% of the pension is paid (75% for a psychiatric condition).⁵²

2.3.3 Services

There is not a central public care system operating in Greece with regard to residence for disabled people. However, there are some services provided through programs administered by the municipalities, such as a home assistance program for low-income disabled persons and Houses of Supported Living.

2.4 Poverty measures

2.4.1 Eligibility

Heating allowance was first introduced in 2012 with a decree from the Minister of Finance and the General Secretariat of Public Revenue as an authorized instrument to help with the cost of domestic heating. Heating allowance is given only to main residences (the concept of

⁵¹ Ibid.

⁵² Ibid.

main or principal residence (as opposed to secondary) is found in income taxation and includes the family residence owned or rented) and only to those which use heating oil.

This is a means-tested measure, since the eligibility criteria are the total annual family income and the total assessed value of real estate. Specifically, eligible are those with a total annual family income less than €25,000 and a total assessed value of the real estate which does not exceed €150,000 if they are unmarried; those with a total annual family income less than €35,000 and a total assessed value of the real estate which does not exceed €200,000 if they are married; those with a total annual family income less than €38,000 and a total assessed value of the real estate which does not exceed €200,000 if they are single-parent families.

These maximum accepted levels of family income and real estate value slightly increased in 2013 (i.e. the maximum annual family income raised to €30,000 for unmarried, €40,000 for married and €43,000 for single-parent families and the maximum value of the real estate raised to €200,000 for unmarried and €300,000 for married and single-parent families). In addition, the maximum total annual family income increases by €3,000 for each child.

The financial aid for the heating allowance applies to the first 120m² of the property and the amount depends on the climatic zone in which the property is located. The allowance is €0.28 per liter, while for the year 2013 the allowance increased at €0.35 per liter.

In August 2010, the Ministry of the Environment, Energy and Climatic Change introduced the 'social domestic invoice', which provides cheaper electricity charges. Eligible for this benefit are specific population groups, such as the unemployed, parents with three children, those who have an annual income below a given threshold, disabled persons with 67% disability or dependants with disabilities (Note: the percentage of disabilities is now defined in Greece by the Disability Certification Centre which recently established -Law 3863/2010- in order to certify disability degree and prove the disabled people's eligibility for welfare services and allowances). Beneficiaries should not exceed the limits of KW which are set for their category. Since January 2013, eligibility criteria for social domestic invoice became more inclusive and the limits of KW were raised for each category.

As far as housing allowance is concerned, the Workers' Housing Organization was established in 1954 to provide financial aid for housing according to a set of criteria, such as income, employment status, marital status, number of children, days of contribution to social security funds and disabilities. Indicatively, the housing allowance which was given in 2009 ranged from €60 to €275 per month. Income thresholds increased for each protected member by € 2000 and the amount of financial help by €25 per month. Since 2012, the Social Housing Organization (OEK) has been abolished, while the payment of means-tested rent subsidy which was previously provided by OEK was wholly suspended in 2010.⁵³

2.4.2 Benefits and services

In April 2014, a new measure was introduced, the 'social dividend', which provides financial aid to the poor. The conditions which determine eligibility are first, that the value of owned estate property should not exceed €125,000 for unmarried and €200,000 for married, second, that the total annual income should not exceed €6,000 and, third, that the car owned should not exceed 3,000 cc. Family status, the number of protected members and disabilities are the factors which determine the amount paid to the beneficiaries, with the minimum amount paid to be €500 (unmarried with no protected members).

Although there are no specific policies and anti-poverty measures for homeless, there is for the first time in 2014 a law established which sets eligibility and conditionality criteria for future programs towards protecting and assisting the homeless. Today there are no public measures like housing or food provision services for the homeless in Greece, which are provided by municipalities and the church – not always on a regular basis.

List of laws/ regulations: Law 3863/2010, Law 4024/2011, Law 4093/2012, Law 3655/2008, Law 3863/2010, Law 3865/2010, Law 3996/2011, Law 4237/2014, Law 4046/2012, Ministerial Decree Y4A/ΓΠ/OIK.48985, Ministerial Decree: ΑΠ Δ5-ΗΛ/Β/Φ29/16027, Ministerial Decree: Δ5-ΗΛ/Β/Φ.1.20/OIK.878, Ministerial Decree: Δ33 5037619 ΕΞ 2013, Ministerial Decree: Δ33 5042999 ΕΞ 2012, Law 4254/2014, Law 2963/1954, Law 4046/2012, Ministerial Decree 4510/204.

⁵³ Matsaganis, M., 2012. "Reeling under pressure? The welfare state and the crisis in Greece" Working Paper series 1231. Department of International and European Economic Studies, Athens University of Economics and Business.

3. Taxation and policies in respect of housing

3.1 Taxation

3.1.1 Consumer taxation

Since July 2010, the standard value-added tax (VAT) rate rose to 23%, the reduced rate to 13% and the super-reduced rate to 6.5%. A few months earlier (in March 2010), the standard VAT rate was 21%, the reduced rate to 10% and the super-reduced rate to 5%. Before 2010 and since 2005 the standard VAT rate was 19%, the reduced VAT rate was 9% and the super-reduced VAT rate was 4.5%.

An energy (electricity) tax, i.e. a tax calculated on energy consumption, has been introduced in May 2005 in Greece. From 2010, the electricity tax is 2.5xMWh for professional use and 5xMWh for non-professional use.

Since 2012 diesel tax and the tax for the oil used for heating the homes was established at € 330 /1000lt. Before 2012 diesel tax and heating oil tax were set at different rates. In 2011, the heating oil tax was €60/1000 lt and the diesel tax was € 412/lt. Diesel tax rate was €302/1000lt in 2009, €293/1000lt in 2008, €276/1000lt in 2007 and €260/1000lt in 2006. In 2005 heating oil tax was €21/1000lt and diesel tax € 245/1000lt.

The gasoline tax is €670/1000lt since 2010, while it was €410/1000lt in 2009.

3.1.2 Income Tax

The Greek tax system has been through many reforms mainly since 2010 “as a part of the broader fiscal consolidation effort linked to the EU and IMF package of financial assistance. The most significant reforms took place in summer 2013 which overhaul the Income Tax and Tax Procedure Codes (Laws 4172 and 4174 respectively)”.⁵⁴ Today, the lowest tax rate for annual income applies to the salaried employees and to pensioners. The Greek law establishes three income brackets, with tax rates 22% (\leq €25,000), 32% (\leq €42,000) and 42% (for annual incomes above €42,000). A tax credit of €2,100 is granted for income up to 21,000. This

⁵⁴ Eurostat, 2014. Taxation and Customs Union, Data for the EU Member States, Iceland and Norway, 2014 edition, Luxembourg, p. 91.

amount is reduced by €100 per €1,000 of income over €21,000. This means in effect that those who have an annual income above €42,000 do not have a non-taxable amount, while the non-taxable annual income for those who have income up to €21,000 ranges from €5,000 to €9,500. Before 2014 and since 2012 the maximum non-taxable annual income was €5,000 (applied to everybody) and €9,000 for three population categories: young tax payers (up to 30 years old), pensioners (over 65 years old) and people with special needs. Before 2012 and since 2007 the maximum non-taxable annual income was €12,000 for employees and €10,500 for the self-employed. In 2010 a law establishes that the maximum non-taxable annual income of €12,000 for the eligible taxpayers remains but with the condition to provide evidence of retail sales or service (i.e. receipts). Before 2007 the maximum non-taxable annual income was €11,000 for employees and €9,500 for the self-employed.

Regarding the income brackets to which different tax rates apply, before 2014 and since 2011 there was a unified level of taxation with eight income brackets applied with tax rates from 10% (\leq €12,000) to 45% (applicable above €100,000). Before 2011 and since 2010 there were 10 income brackets with tax rates from 10% (\leq €12,000) to 45% (applicable above €100,000). Before 2010 and since 2005, the taxable scale of the salaried and the pensioners was limited to four income brackets and the tax rates ranged from 24% (\leq € 30,000) to 40% (applicable above €75,000), with some amendments made on the applied tax rates for the lowest income brackets for some years (e.g. 29% for \leq €30,000 on 2007).

In addition, from 2011 and for the taxable years 2010-2014, special tax measures applied due to the current economic crisis in Greece. The additional ‘extraordinary tax’ measures based on income or professional activities have been implemented by the government and include:

- A. The ‘solidarity levy’, which applies to all taxpayers with net income of over 12,000 euros and is calculated on the net income of the taxpayer. Taxpayers whose net income is between €12,001 and €20,000 are subject to this tax at the rate of one percent of net income declared. Taxpayers whose net income is between €20,001 and €50,000 are subject to a 2% solidarity levy. Taxpayers whose net income is between €50,001 and €100,000 are subject to a 3% solidarity levy. Taxpayers whose net income is over €100,000 are subject to a 4% solidarity levy.

- B. The ‘professional levy’. Self-employed taxpayers, whether registered professionals (such as doctors, engineers and accountants) or service providers (such as electricians and plumbers), shall pay a fixed annual professional levy in 2013 to the amount of €400 or €500, depending upon the population of the location where the professional is domiciled. Even those who quit their profession during the year will be taxed for each month (a twelfth of the total) during which they were active.

Since 2014, this flat fee levy applies to all self-employed taxpayers who maintain B or C category accounting books (i.e. single- or double- entry financial books depending on the type and activity of business), with the exception of farmers. Most self-employed taxpayers pay a flat fee in the amount of € 650.⁵⁵

3.1.3 Inheritance tax

Inheritance tax depends on the degree of the relationship between the heir and the deceased and the value of the property received. Heirs are divided into three categories. The first category includes spouses, children, grandchildren and parents. The second category includes grandparents, brothers, sisters, stepbrothers, stepsisters, foster parents, in-laws and children from spouse previous marriage. The third category includes all other beneficiaries who are not included in the previous two categories.

Two major changes have been applied in inheritance tax which concern tax scale and tax rates, the first in 2007 and the second in 2010. Since January 2010 (law 3815 and 3842), the non-taxable threshold for the first category of heirs is € 150,000. If the inherited real estate property is worth up to €300,000 the beneficiaries are taxed at a rate of 1% with the amount of €1,500. The next threshold is €600,000 with tax rate 5%, while for more than €600,000 the tax rate increased at 10%. For the second category of heirs, the non-taxable threshold is €30,000, with tax rates ranging from 5% (for up to €100,000 real estate value) to 20% (if the value of the real estate property exceeds €300,000) of inheritance’ value. For the third category of heirs non-taxable threshold is €6,000 with tax rates ranging from 20% (for up to €72,000 value of the inheritance) to 40% (applicable above €267,000).

⁵⁵ See: <http://athens.angloinfo.com/information/money/income-tax/> [visited 25th September 2014]

Before 2010 and since 2007 (according to law 3554), the non-taxable thresholds and tax rates were set at lower levels. Specifically, the non-taxable threshold for the first category was €95,000 and tax rates ranged from 5% (for up to €120,000 of real estate value) to 20% (for up to €265,000 of real estate value). For the second and the third category, the non-taxable threshold was €20,000 and € 6,000 respectively. The tax rates for the second category ranged from 10% (for up to €75,000) to 30% (applicable for a total value of the inheritance that exceeds €270,000). The tax rates for the third category ranged from 20% to 40% (for up to €72,000 and more than €267,000 of total value respectively).

Before 2007 and since January 2006 (according to law 3427), the non-taxable threshold for the first category was €80,000 with tax rate from 5% for up to €100,000 real estate value to 20% for a value that exceeds €220,000). For the second category, the non-taxable threshold was set at €15,000, while tax rates ranged from 10% (up to €60,000) to 30% (for more than €220,000). For the third category, the non-taxable threshold was €5,000 with tax rates ranging from 20% (up to €60,000 real estate value) to 40% (above €220,000).

Special conditions apply in all of the above mentioned inheritance tax configurations, for specified population categories which are formed according to criteria such as marital status, provision of care to dependent members and disabilities.

3.1.4 Real Estate Tax

Since January 2014, a new large reform in real estate taxation came into force in Greece. This new law (4223) known as ENFIA establishes a unified real estate property tax system, which includes two component taxes, the main tax of the property and an additional tax on the value of the entire real estate property of the owner. The main tax is calculated depending on specific parameters set by law, such as the objective value (which is set by the Minister of Finance and is based on the division of 12 taxable zones), the surface, the age of the building, the floor in which the property is located (for apartments), auxiliary spaces etc. The tax for buildings is calculated between €2 to €13 per square meter.

The additional tax applies to the total value of an individual's real estate property. The non-taxable threshold is €300,000 for the total value of the real estate property and tax rates range

from 0.1% for up to €400,000 total value of the property to 1% which applies to above €1,000,000 of the real estate value (0.2% for up to €500,000, 0.3% for up to €600,000, 0.6 for up to €700,000, 0.7% for up to €800,000, 0.8% for up to €900,000 and 0.9% for up to €1,000,000 real estate value).

Discounts (50% and 100% in exceptional cases) apply if they are met certain criteria, such as family with many children, low income, special needs/ disabilities within family.⁵⁶ In addition, unfinished buildings up to 60% can be exempted from taxation.

Before the enforcement of ENFIA and since September 2011 (law 4021) a special tax called EETIDE imposed on all properties in Greece. This tax was collected through electricity bills and abolished with the enforcement of ENFIA. This tax was calculated based on the age, the size and the location of the property. The multiplier rate of the age of the property ranges from 1.25% (for houses or apartments 0-4 years old) to 1% (for properties which are 26 years old or older). All properties were assigned to zone rates, which determined the amount of charge together with the area covered by the property (in square meters). Zone rate value ranges from €0 to €500 and the area covered by the property can be charged with €3 per square meter up to €5,000 and with € 16 per square meter for more than €5,000. For specific groups the charge is €0.50 per square meter when the zone rate value does not exceed €3000.

Apart from the special tax EETIDE, there was another real estate tax applied to its objective total value, which has been in force since 2010 (law 3842). The tax applied to a property if its total objective value was more than €400,000. The tax rate ranged from 0.1% for a total value of the property up to €500,000 to 2% for a total value of the property above €5,000,000. Since 2011 (law 3986) the property tax brackets and the tax rates have been changed. The maximum non-taxable value of the property was set at lower levels, i.e. €200,000 instead of €400,000. In addition, the range of the tax rate was set at higher levels: it ranged from 0.2% for €500,000 property value to 1% applicable to above € 800,000 property value.

Exempted from taxation are buildings for which a permit or a demolition protocol has been released. Exempted are also the tenants who are renting apartments or houses and who,

⁵⁶ Eurostat, 2014. *Taxation and Customs Union, Data for the EU Member States, Iceland and Norway*, 2014 edition, Luxembourg, p. 93.

according to their agreement with the owners, either pay the bill and then deduct the amount of the rent or the owner is responsible for the payment. Moreover, special conditions in the tax system apply to real estate owners who are unemployed, who have disabilities (over 67%) or have large families (many protected members).

Since 2008, the unified property tax (ETAK) was applied (law 3634). This law implemented a 0.1% levy on the properties in case their objective values exceeded the amount of €300,000 and the size of the property was more than 200 square meters. In 2009 (law 3808), an amendment was applied to ETAK, setting the threshold at €100,000 for unmarried, €200,000 for married and € 230,000 for married with at least three children, while the tax ranged from 0.1% for properties valued €400,000-€600,000 to 0.9% for properties above €3,000,000.

Rights related to mortgage loans or unpaid rents

Mortgage evictions have become a major problem in Greece since 2010 with the implementation of law 3869, which states that the main residence of debtors who are unable to meet their payment commitments should be protected. Mortgage lenders cannot start possession action when debtor accession to the law has been set. The debtor should follow a specific procedure in order to assure the suspension of the auction. There are specific conditions for the postponement of an auction, which relate to the total value of the residence, the net family or individual income, the composition of the family (i.e. how large it is) and disabilities. Debtors are obliged to pay monthly instalments (from 10% to 20%) to lenders according to their employment status and their net monthly income.

Since 2013, a new law is enforced (4161), which has advantages compared to the previous one (3869/2010) law 4161, such as solving the problem of the guarantors, but also disadvantages, such as the fact that debt haircut is excluded.

In Greece, since 2012, in cases of tenants' debts due to the landlord, tenants are facing an eviction threat. With this new law (4055), procedures were quickened, making eviction easier. If there is no possibility of finding a compromise between tenant and owner, the landlord can give written notice to the tenant 15 days before eviction. If the tenant does not comply with the payment commitments, the landlord can proceed with the payment order, which concerns

not only the rent payment but also debts on utility bills (e.g. water, electricity). The whole duration of eviction procedure can last up to 50 days, when with the previous lawsuit procedure of eviction (law 2479/1997) it could last for years. The tenant has 15 days to offend the judicial payment order and after the passage of five additional days (20 days in total) the tenant is evicted.

Social housing

In Greece social housing is not a public provision and it is usually based on municipality programs or church initiatives.

List of regulations/laws: 3336/2005, 3845/2010, 3833/2010, 3483/2006, 3986/2011, 4092/2012, 3775/2009, 4172/2013, 4024/2011, 3986/2011, 3842/2010, 3554/2007, 4223/2013, 4021/2011, 3427/2005, 3522/2006, 3815/2010, 3842/2010, 3808/2009, 3634/2008, 4224/2013, 3869/2010, 4161/2013, 4055/2012.

4. Family policies and costs of education

4.1 Maternity/parental leave

4.1.1 Eligibility and flexibility

Since 2012, parental leave is provided to any employee with one year or more of work at the same enterprise. Parental leave is an unpaid benefit and concerns the period beginning from the termination of maternity leave until the child reaches the age of six-years-old. Parental leave is provided in a written form, lasts four months and cannot be transferred to the other spouse. It can be given either one-off, or in stages, based on the request of employee, who specifies its starting and ending period. Entitled to the parental leave are also working persons who adopted or fostered a child, until the age of six-year-old. The law provides a special paid parental leave of 10 working days per year in cases of serious illness of the child, which is specified by law. In addition, there is an unpaid parental leave of 30 working days in

case the child needs hospitalization. Previous law (2639/1998) was implemented only for employees working in enterprises with at least 100 employees. This law has established the length of parental leave at 3.5 months until the child reaches the age of 3.5 years. Hence, the more recent regulations have made the right more inclusive.

Parents who are working in the public sector are entitled to two months of parental leave, which is also unpaid and non-transferable. Since 1999 (law 2683), working parents in the public sector are also entitled to nine months parental paid leave, in case of not using the right of reduced schedule.

The right for an extra 30 months' of childcare after maternity leave for all employees was agreed in National General Collective Labor Agreements (1993 amended in 2002, 2003 and 2004). This allows the employed mother to reduce her working schedule by two to one hours per day without money loss (until the child reaches the age of two and four respectively) or, instead of that, to take nine months of paid leave. This right can be transferred from the employed mother to the employed father. Since 2014, eligible for this right of reduced working hours is also the employed father whose wife is self-employed. Hence, the right has become more inclusive.

Since 2007 there is an extra paid parental leave provided for a period of six months for each child in cases of twins (or more children's birth).

Maternity leave is paid when a pregnant woman has been off work for 56 days before the expected date of childbirth and for 63 days following the birth of the child (i.e. 119 days or 17 weeks total).⁵⁷ A three-month paid maternity leave is provided for child adoption (up to six years old) during the first six months of the completion of the procedure of adoption. Since 2008 (law 3655), full- or part-time employed mothers can prolong their maternity leave up to six months (special maternity leave). Since 2007, maternity leave is increased by two months for the birth of the third child. Pregnant employees who need special treatment during pregnancy and before the beginning of maternity paid leave are provided with paid sickness leave.

⁵⁷ European Commission, 2013. Your social security rights in Greece, Employment, Social Affairs and Inclusion), p.13.

4.1.2 Benefits

Maternity benefit is formed by the contributions of the insurance institute and the employer, which in total equal at least the amount of earnings the employee would have received if she was working during that period. If this is not possible, the beneficiary is entitled to an additional benefit from the Manpower Employment Organization (OAED). These configurations make maternity leave a full paid benefit for both public and private sectors. In the private sector, only insured women who have completed at least 200 insured days in the two years prior to the expected delivery date are entitled to maternity benefit.

Since 2012, maternity benefit was 50% of the estimated wage of the insurance class of the beneficiary daily earnings based on the average wage of the last 30 days of the previous year.⁵⁸ The minimum benefit was 66.7% of the insured's earnings. The insured may also receive a maternity supplement of up to 33.3% of earnings. The maximum daily benefit was €45.19 with no dependants; €63.27 a day with dependants. The birth grant was given at 900€ for each child.⁵⁹ Since 2010, the birth grant was €928.10.⁶⁰ Since 2008, there was a dependant's supplement at 10% of the benefit for each dependant, up to a maximum of 40%. The minimum benefit was equal to 2/3 of the insured's earnings. The insured may also receive a maternity supplement equal to a maximum of 1/3 of earnings. Birth grant was €881.70 for each child.⁶¹ Since 2006, the maximum daily benefit was € 41.78 with no dependants; €58.49 a day with a maximum of four dependants. The birth grant was €792.30 for each child.⁶²

4.2 Child allowance

Since 2012 (with law 4093), family allowances were replaced by unified child support allowance, which is granted to families under specific criteria (means-tested). The family allowances which have been abolished are the non-means-tested family allowances, the

⁵⁸ Ibid.

⁵⁹ US Social Security Administration, 2012. Summary Reports, Greece, p.120-121.

⁶⁰ US Social Security Administration, 2010. Summary Reports, Greece, p. 124.

⁶¹ US Social Security Administration, 2008. Summary Reports, Greece, p. 131.

⁶² US Social Security Administration, 2006. Summary Reports, Greece, p. 131.

allowance for families with more than three children (€42.71), the allowance for families with three children (€170), lifetime pension for mothers with more than three children (€98.27) and the grants for newborns (€2,000).⁶³

The new conditions of eligibility for the unified child support allowance are age, citizenship, number of children, disabilities, family income, single-parent families and employment status of parents. Family allowance is given to only one of the two parents until the child reaches the age of 18 or 19 years. Families with children in higher education levels or in Vocational Training Institutes are entitled to this benefit only during apprenticeship period and not beyond the age of 24. Families with a child with special needs (above 67%) and guardians of children, in cases where there are no parents in the family, are also entitled to the unified child support allowance. Criteria are set concerning the citizenship of beneficiaries (e.g. Greek citizens, legal non-residents, citizens of member-states of E.U., European Economy Area). One condition is that the beneficiary should have at least 10 years of continuous permanent living in Greece.

The amount of the allowance depends on the number of dependent children, the equivalence scale, the equivalent income, and family income. The equivalence scale is the weighted sum of family members (i.e. for the first parent one, for the second parent 1/3 and for each dependent child 1/6). The equivalent income is the annual, net family income divided by the equivalence scale. Families which are entitled to child allowance are divided in four categories according to income criteria.

Since 2013 (law 4141), an additional annual benefit of €500 has been established. Families with three or more dependent children are eligible. If the family has three dependent children its total annual income should not exceed €45,000, while the maximum total annual income increases by €3,000 for families of four dependent children and €4,000 for each additional dependent family member.

⁶³ OECD, (2013), Greece: Reform of Social Welfare Programmes, OECD Public Governance Reviews, OECD Publishing, p. 47-48.

Finally, since 2011 (law 4024), some special child allowances for public servants have been abolished or replaced with other allowances with lower rates or with stricter conditionally or criteria.

4.3 State policy towards families

Greek law provides protection to families with excessive debts in case of mortgage evictions stated above (laws 3869 and 4161). There are no other benefits or services for families which are unable to meet their payment commitments.

According to civil code, a loan can be inherited in case of heritage acceptance. The heir is liable with its own assets for the liabilities (e.g. debts, loans) of the inheritance, unless he/she disclaims within four months. Only in the case where the descendant is living abroad can the deadline can be suspended for one year.

4.4 Eligibility and costs of pre-school, primary-school education in the public sphere.

Specify which ages pre-school and primary school refer to in your country.

4.5 Costs of university level studies

4.5.1 Tuition fees and exceptions

The educational system in Greece is public and free of charge at all educational levels. There are only a few exceptions for MSc programmes, for which the private contribution is set individually by the university's administration and according to their resources. Costs usually range from €1,500 to €6,500 per year, while there are numerous Msc/MA programs for which the cost is defined in non-monetary terms, i.e. paid in working hours (i.e. teaching, supervision, etc).

List of regulations/laws: 4075/2012, 2639/1998, 3528/2007, 4210/2013, 3655/2008, 2683/1999, 4093/2012, 4141/2013, 4024/2011, 3205/2003.

Italy

Summary

Italy has been in recession since 2009, resulting in steadily increasing unemployment. Despite this, the crisis was unanimously recognised in the public sphere only when it became a crisis of sovereign debt, in the summer of 2011. Before that moment, the fact that the third largest economy in the Eurozone (after Germany and France), with the ninth nominal GDP in the world, was in constant recession, was systematically dismissed by then-prime minister Silvio Berlusconi and by the members of his right-wing cabinet and the parliamentary majority. The ‘spread crisis’ of the summer of 2011, when there was a difference between the interest rates of the Italian and German public debt bonds skyrocketed from 173 to 528 points in a few months, forced Berlusconi to resign and opened a phase of technocratic grand-coalition governments (between November 2011 and December 2012 led by economist Mario Monti and between February 2013 and February 2014 by democrat politician Enrico Letta), that is still not completely over (the current government is led by democratic leader Matteo Renzi, but it still needs the support of a part of the right-wing).

Such an unstable governmental context has obviously had an impact on policy-making, which is visible in the present report. It is seen in particular in cases of different and even contradictory governmental interventions on the same issue. Nevertheless, it is possible to identify some continuities. In the labor field there is a visible tension, embodied in particular by the *Riforma Fornero*. On the one hand is the idea that lowering employment protection of employment and offering employers a wider spectrum of employment contractual forms may reduce unemployment, and on the other hand is the need to answer the increasing demand to diminish a precarious situation, especially for young people. Labor has probably been one of the most controversial policy fields in Italy over the last few years, as the amount of legislation mentioned shows. Together with precarization, other visible processes were the attempt to reform social benefits, the struggle with Article 18 and employment protection in general, and the long struggle on union representation and bargaining rights, of which the story of FIAT represents the most known example. Regarding social policies and poverty, experiments on the ‘social card’ are probably the most relevant act, despite being far from a universal basic income as a safety net against social exclusion. Regarding taxation, the recent

bonus on IRPEF is the first attempt to reverse a long tendency to increase revenues. Education is probably the field most heavily invested, together with labor, from austerity measures, with an attitude mainly focused on reducing expenses. In general, the role of ‘austerity packages’, laws regarding different policy fields but characterised by the attempt to reduce public expenditure, is quite relevant, as the presence of the first of this laws, the Legge 133/2008, in the analysis of all the policy fields, shows quite clearly.

1. Labor policies

1.1 Employment

1.1.1 Termination of contracts

Are there legal rights of advance notice, what do these look like and to whom are they applicable?⁶⁴ What is the compensation (fee) for the termination of the employment contract of full-time workers? Does the law establish a public policy list of ‘fair’ grounds for dismissal? Is redundancy (also known as retrenchment, termination for economic reasons, necessities of the company, or objective causes) considered a ‘fair’ ground for dismissal by law, or does such dismissal always entail a mandatory penalty?

The regulation of dismissals has been one of the hottest topics of political discussion over the last few years. The termination of employees’ contracts in Italy, is disciplined by Articles 2118 and 2119 of the *Codice Civile*, by the Legge 604/1966 and by the Legge 300/1970 (the so-called *Statuto dei Lavoratori*, ‘workers’ charter’). According to this system, Italian employees can be fired only for *giusta causa* (‘fair cause’, that is a grave breach of contract on the part of the worker, often implying felony), *giustificato motivo soggettivo* (‘subjective justified reason’, that is a smaller breach of contract on the part of the worker), and *giustificato motivo oggettivo* (‘objective justified reason’, which means the lack of need for the worker for economic reasons, typically the suppression of the position occupied by the worker, based on a company crisis or a productive restructuring of the company). The worker can appeal against the dismissal, and it is the company that has to prove reasons for the termination of the contract in court. A peculiar role in this system is occupied by Article 18 of the *Statuto dei Lavoratori*, stating a difference between small and big companies: companies

with less than 15 employees, if the judge recognises that the dismissal was done without *giusta causa* or *giustificato motivo*, can compensate the worker with a monetary reparation (between 2.5 and six months of salary if the worker has been employed for less than 10 years, while it can go until 14 months of salary if the worker has been employed for more than 10 years); companies with more than 15 employees, instead, in case of unlawful dismissal, are obliged to hire back the worker, in the same position that he/she held before.

This article has been contested by right-wing parties and by the employers' organization *Confindustria* since the early 2000s, because it was seen as an example of the strict legislation on dismissals that characterised the Italian system and it was considered a disincentive to the growth of companies. On the other hand, most left-wing parties and trade unions, in particular CGIL (the largest trade union confederation in Italy, politically social-democratic), have traditionally defended Article 18, which is placed in the part of the *Statuto* dedicated to union rights as the cornerstone of constitutional freedom in the workplace. In 2000, a referendum promoted by the Radical Party and supported by *Forza Italia* (Silvio Berlusconi's right-wing party) and *Confindustria* proposed the abolition of Article 18, but this did not reach the quorum of participation of 50%+1 of the voters needed in Italy for an abrogative referendum to be valid. Two years later, in the Spring of 2002, when Berlusconi was back in government, he proposed a suspension of Article 18 for new hirings, but the fierce opposition of CGIL and the lack of support from a significant part of the public opinion convinced him to withdraw the proposal.

Ten years later, when the technocratic grand coalition government led by Mario Monti took power, after the peak of the 'spread crisis' of the Summer of 2011, Article 18 came back as an issue in the public debate. The *Riforma Fornero* (Legge 92/2012) substantially modified Article 18, extending the regime of compensation, instead of reinstatement, to companies with more than 15 employees, in the case of *giustificato motivo oggettivo*, i.e. when the dismissal is justified by the employer with economic reasons. Reinstatement can be ordered by the judge only when the economic reasons given by the employer are 'manifestly false', and this means that a significant part of the burden of proof, in this type of lawsuit, shifts from the employer to the employee. This reform is considered by the OECD as part of "a clearer tendency towards deregulation [...] observable in the past five years and largely since the onset of the financial crisis", typical of many European countries (OECD 2013:93-94). In Italy

“reinstatement can now be ordered only in three cases: i) when dismissal is based on discrimination; ii) when it is based on reasons for which it is explicitly forbidden in collective agreements; or iii) when the facts adduced by the employer to justify the dismissal are manifestly false” (OECD 2013:93-94).

Furthermore, the *Riforma Fornero* introduced “a lighter and faster procedure for dispute resolution” (OECD, 2013:94) in continuity with what had already been achieved during the previous Berlusconi government, with the so-called *Collegato Lavoro* (Legge 183/2010), that had taken a significant step towards arbitration in the settlement of labor-related disputes. This time, differently from 10 years previously, the substantial abrogation of Article 18 in its traditional nature was at the hands of a grand coalition government, supported also by the center-left Democratic Party, and in a political climate deeply shaped by the crisis. Therefore, the level of social opposition to the reform, even if CGIL remained formally contrary, was significantly lower. A coalition of unions and leftist parties, in the last months of 2012, collected the signatures necessary to have an abrogative referendum on the *Riforma Fornero*, but the sudden fall of the Monti cabinet and the consequent end of the legislature invalidated the procedure.

Regarding benefits, employees in Italy can count on the CIG (*Cassa Integrazione Guadagni*, ‘redundancy fund’), regulated by the Legge 174/1975, which can be ‘ordinary’ (CIGO) or ‘extraordinary’ (CIGS). This amounts to 80% of the monthly salary, up to a maximum of 1165.58 euros, and its goal is to ensure the workers a decent income when production, for some reason depending not on the employer nor the employees, has to be suspended. The CIGO can be activated by a company, in consultation with the trade unions, in case of temporary market stagnation and consequent lack of orders, or anyway in case, for some legitimate reason not depending on the company’s will, production needs to be temporarily suspended. It can last 13 continuous weeks, until a maximum of 52 weeks, and it is paid by the INPS (the Italian state social security agency) and financed by contributions from workers and employers. The CIGS can be activated, also in consultation with the trade unions, in case of big company crisis or of a phase of deep restructuring and reorganization of the production system. It can last until a maximum of 36 months, but the activation and all the prorogations need to be authorised by the Ministry of Welfare, that recognises the crisis and funds, with

taxpayers' money, the CIGS. During the time in which they receive the CIG, workers are not dismissed but they are still legally under a contract with their company.

In case workers lose their job because the company closes or in a situation of company crisis or productive restructuring, and is objectively not able to give them work anymore, there is the possibility to access to the *Indennità di Mobilità* ('mobility allowance'), regulated by the Legge 223/1991 typically after the CIG has expired and the company has not been able to overcome the crisis. This amounts to 80% of the last salary and it lasts 12 months for workers younger than 40, 24 months for workers between 40 and 50 and 36 months for workers older than 50. It is supposed to provide dismissed employees with a decent income while they look for another job.

All these protections do not apply to the increasingly wide spectrum of precarious workers: freelance workers, workers with a fixed-term contract, or *parasubordinati* (which means 'similar to employees'), who are estimated to be around four million in Italy. Describing the situation in a detailed way goes beyond the purposes of this report: a study by the trade unions CGIL estimates at 46 the number of types of labor contract existing in Italy. Most of these are precarious, the most relevant of which are the *contratto a termine* ('fixed-term contract', very similar to traditional employment contracts apart from the duration), the *lavoro a progetto* ('project-based job', which is considered a peculiar kind of freelance job) and the *lavoro interinale* or *somministrazione di lavoro* (temporary jobs supplied by private agencies). Most of these types of contract have been introduced by the *Pacchetto Treu* (Legge 196/1997) and by the *Legge Biagi* (Legge 30/2003), in what has been described as one of the fastest and most radical processes of labor flexibilization in contemporary Europe (Cecchi, 2013).

A recent piece of research on the relationship between labour market policies and inequality well describes the condition of young precarious workers in the Italian labour market:

Temporary workers, mainly young and females, have lower wages on average and a volatile employment attachment. Among female workers aged 15 to 24 the rate of temporary contracts has reached 50 per cent of employment in 2010 (only slightly less for males). Temporary employment has a clear generational gradient, as the percentage of temporary contracts decreases rapidly to 10 per cent of total employment among workers aged 15 to 65. The incidence of temporary contracts in employment is in line with

other European countries. However, other contractual arrangements exist, through which firms can use the labor services of external workers. As in many other countries there are temporary work agencies supplying labor services upon the payment of an agency fee. Additionally, and this is mostly an Italian peculiarity, firms can use collaboration contracts. These contractual arrangements provide an employment framework for individuals who are not formally dependent of the firm. Formally, these workers are self-employed, but often firms use their work as if they were normal employees. Thanks to a reduced regime of compulsory pension contributions, and to lower labor costs compared to regular employees (in most of the cases they are not represented by trade unions), many employers, mostly in the tertiary sector, including the PA, use them extensively. Finally, with the same intent of saving on labor costs, firms may simply outsource tasks to single individuals, who act formally as external supplying firms but actually have an exclusive relationship with the firm, thus being in all effects economically dependent from it. (Ballarino et al., 2014:375)

Policy-making during the years of the crisis has been shifting between the demand for stricter regulation of precarious work, where precarious workers are most exposed to unemployment in the crisis, and the demand for an even higher level of flexibility in order to facilitate economic recovery. The best example of this is the legislative back-and-forth on the requirement to legally justify the need for *contratti a termine* and *contratti a progetto* and on their maximum duration terms: these provisions have been added to the legislation during the center-left government led by Romano Prodi (Legge 247/2007), then abolished during the Berlusconi government (Legge 133/2008), then put back, in a different form, by the grand coalition government led by Mario Monti (Legge 92/2012) and then abrogated again by the Renzi cabinet (Legge 78/2014).

1.1.2 Minimum wage

Who has the right to have minimum wage, are there any exceptions?

According to the Italian Constitution, ‘Workers have the right to a remuneration commensurate to the quantity and quality of their work and in any case such as to ensure them and their families a free and dignified existence’ (Article 36). This right is not granted by a minimum wage fixed by law, but instead, minimum wages are set for each industry sector by national collective agreements. Some precarious workers, whose employment terms are not covered by national collective agreements, do not have any minimum wage. A recent research

states that 13% of Italian workers have a lower salary than the minimum wage of their industry sector (Garnero, 2013).

In the context of the crisis, different movements and political actors have been proposing the introduction of a minimum wage established by the law, especially after the governmental agreement in Germany of 2013. Nevertheless, this has never been realised and has also seen the opposition of trade unions, that fear the possibility that establishing a legal minimum wage, presumably lower than the ones established in the national collective labor agreements, might incentivise companies to opt out of the labor agreements and apply the lower legal minimum wage, producing a general tendency towards lower salaries.

1.1.3 Vacation

Do employees have paid time off for national or local holidays by law or mandatory collective agreement? How many days does the paid vacation last? Do people receive holiday allowances, how large are they?

The same Article 36 of the Constitution cited previously states that ‘Workers have the right to a weekly rest day and paid annual holidays. They cannot waive this right’. Paid holidays are regulated by national collective agreements in the limits set by the law (*Decreto legislativo* 213/2004), which states that they cannot be less than four weeks and that at least two are compulsory.

Then, there are holidays set by the law: every Sunday, 1st January (*Capodanno*), 6th January (*Epifania*), 25th April (*Anniversario della Liberazione*), *Lunedì di Pasqua* (‘Easter Monday’), 1st May (*Festa del lavoro*), 2nd June (*Festa della Repubblica*), 15th August (*Assunzione di Maria*), 1st November (*Ognissanti*), 8th December (*Immacolata Concezione*), 25th December (*Natale*), 26th December (*Santo Stefano*).

In the summer of 2012, the Monti government proposed the abolition of some of these holidays in order to increase the productivity of the Italian economy and GDP. This proposal met immediate opposition in public debate, with the Catholic Church defending religious holidays, the unions defending the 1st May holiday, the partisans’ association ANPI defending the 25th April, etc., and it was quickly withdrawn.

Another attempt to modify the regime of public holidays in Italy was more successful, causing a significant public debate: after many experiments and progressive changes, the Legge 214/2011 completely liberalised the opening hours of shops across the whole national territory, while previous experiments were limited to granting municipalities in touristic areas the freedom to decide the topic. This liberalization has seen the opposition of some trade unions, worried about the imposition to employees to work also on holidays.

1.2. Unemployment

1.2.1 Eligibility and constraints

Benefits

How large a percentage of the salary⁶⁵ is covered by unemployment benefits in case of a one-year unemployment spell? How is the unemployment benefit calculated (flat rate/ salary related etc.)?

What are the requirements for being officially registered as the unemployed? Who is entitled to unemployment benefit (e.g. how many months one has to work for being eligible for this benefit)? Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)? How long is the payment period and are there any constraints (e.g. mandatory training, inability to refuse the job offered)?

In Italy there are several kinds of *ammortizzatori sociali* (social safety nets). The three main unemployment subsidies are:

1. *Assicurazione Sociale per l'Impiego* (AspI, social insurance for employment). This is given to workers whose employment has been terminated by the employer and who have paid at least 52 weeks of social security contributions in the last two years. It corresponds to 75% of the average salary of the last two years for salaries lower than 1,180 euros, and to 75% of 1,180 euros plus the 25% of the difference between 1,180 euros and the salary for salaries higher than that level. It provisionally lasted between

⁶⁵ Unemployment benefits are defined in some countries as a fixed amount in local currency, rather than as a percentage. In such cases, the percentage of the salary covered is calculated based on a salary equal to the country's GNP per worker.

eight and 12 months in 2013 and between eight and 14 months in 2014, while from 2015 on it will last between 10 and 16 months, depending on the worker's age. 15% of the ASpI is cut after six months, and another 15% after 12 months. It is cancelled if the worker has a new contract at least six months long, if he refuses to participate in the training activities organized by the local *Centro per l'Impiego* (employment center) or if he refuses a job offer the salary of which is at least 20% higher than the ASpI. It has been introduced by the *Riforma Fornero* (Legge 92/2012), substituting the old *indennità di disoccupazione ordinaria* (ordinary unemployment subsidy, introduced by the Legge 427/1975 and modified many times until 2005). The main differences are two: the duration of the coverage (before it lasted only between eight and 12 months) and the calculation (it corresponded to the 60% of the average salary of the last three months of work for the first six months of unemployment, and then it gradually decreased until 40%).

2. *Mini-ASpI*. This is given to workers who have paid at least 13 weeks of social security contributions. It has the same amount of ASpI and it lasts 50% of the weeks in which contributions have been paid. It is cancelled if the worker has a new contract at least five days long, if he refuses to participate in the training activities organized by the local *Centro per l'Impiego* (employment center) or if he refuses a job offer the salary of which is at least 20% higher than the mini-ASpI. It has been introduced by the *Riforma Fornero* (Legge 92/2012), substituting the old *indennità di disoccupazione con requisiti ridotti* (unemployment subsidy with limited requirements, introduced by the Legge 160/1988).
3. *Una tantum co.co.pro.* (one-time subsidy for project workers). This is a one-time subsidy for project workers (a peculiar category of freelance workers who are considered *parasubordinati*, which means 'similar to employees'), who in the previous year worked for only one client, were paid less than 20,000 euros in total, paid social-security contributions for at least four months and were unemployed for at least two months. It corresponds to the 7% of 14,930 euros, multiplied for the lowest number between the months of work and the months of unemployment. It has been introduced by the *Riforma Fornero* (Legge 92/2012) as a first attempt to cover with an unemployment subsidy also freelance workers.

Precarious academic researchers and most freelance workers are not covered by any unemployment subsidy.

1.2.2. Services

What kinds of training services are available for the unemployed, how does it differ between long- and short-time unemployment? Is there any particular help for people starting out with their own small business?

The Legge 2/2009 states the obligation for all the workers receiving welfare measures (redundancy fund, mobility allowance, unemployment subsidy, etc.) to participate in the *politiche attive del lavoro* ('active labor policies'). These are a system of activities, courses, orientation tips and start-up incentives handle by the *Centri per l'Impiego* ('employment centers') in every Italian province. Nevertheless, the system is still significantly underdeveloped in respect to other European countries: between 2008 and 2011, in the years of the crisis, the public founding to all the different services in this field has decreased between 6% and 10%. Only 0.31% of the GDP is dedicated to the *politiche attive del lavoro*. In fact, in 2011 only 32% of the unemployed accessed a *Centro per l'Impiego*. Also, the incentives towards start-ups between 2008 and 2011 decreased by 17%. This is another example of a general trend visible throughout the policy fields: the crisis creates the demand for more impacting public policies, and at the same time, through the budget constraints, it thwarts the possibility to realise them.

1.3. Unionization and strikes

1.3.1 Unions and bargaining

Has every worker/employee a right to be part of a union? If not, describe differences. Is a right to unionization specified in the constitution (if it is regulated by other laws, it means weaker protection of rights)? Are workers councils, committees or equivalent bodies are mandated by law?⁶⁶ Do employers have the legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers?

⁶⁶These refers to sometimes called 'Swedish' system, where an institution of employers and workers is created for the discussion of company's policies affecting workers at the company level.

According to Article 39 of the Italian Constitution:

Trade unions may be freely established. No obligations may be imposed on trade unions other than registration at local or central offices, according to the provisions of the law. A condition for registration is that the statutes of the trade unions establish their internal organization on a democratic basis. Registered trade unions are legal persons. They may, through a unified representation that is proportional to their membership, enter into collective labor agreements that have a mandatory effect for all persons belonging to the categories referred to in the agreement. (Costituzione della Repubblica Italiana, Art.39)

Nevertheless, the law mentioned in this article has never been written. In particular, “Italy has no labor code comparable for example to the French code du travail, and no proper industrial relations law. The issues are governed by an unfathomable complex of collective agreements, pacts, workplace agreements, and laws, decrees and regulations” (Namuth, 2013:3). National collective labor agreements called CCNL (*Contratti Collettivi Nazionali di Lavoro*) are signed at the industry level (one for the steel sector, one for the chemical sector, one for the school sector, etc.) between the employers' organizations (in the public sector the state is represented by ARAN, a specialized agency) and ‘representative’ unions. The level of representation necessary to give legitimacy to a CCNL has always been a contentious issue.

Traditionally (especially after the agreement between the three main trade union confederations CGIL, CISL and UIL, the employers' organization *Confindustria* and the government in 1993), collective bargaining happens at two levels: the national sector level and the company level. Pay bargaining is mainly carried out at sectoral level with some other elements of pay, such as performance-related pay covered at local level. The nationwide sector-based agreements normally had two parts with the element covering pay renewed every two years and non-pay conditions every four years. According to estimates, 80% of Italian workers are covered by national agreements (EIRO 2012), while only 30-40% are covered by company-level agreements (Cella and Treu, 2009).

Workers representation in the workplace, since the agreement of 1993, is situated in the RSU (*Rappresentanza Sindacale Unitaria*), a council of representatives directly elected by the workers independently from their union affiliation (even if most of the times representatives are elected in union-based lists). Since 2010, FIAT (the largest car company in Italy) has tried

to use, exploiting a legal loophole, the pre-1993 system that gave the right to be name the workers' representatives to the unions that had signed the national agreement. This attempt to remove from representation FIOM (the steelworkers' union of the CGIL confederation, who had not signed the national agreement) was stopped in 2013 by the Constitutional Court, who deemed the pre-1993 system unconstitutional.

The FIAT case is situated in the wider debate on collective bargaining that characterised Italy in the last few years, mainly on two issues: on the one hand, the proposal by the employers (with the support of CISL and UIL) to give more relevance to company-level agreements, including the possibility of derogating from national agreements (opposed by CGIL), and on the other hand, the level of representation necessary to sign a legitimate agreement (linked to the fact that, from 2008 on, cases of national agreements signed by CISL and UIL without CGIL significantly increased).

In 2009, CISL, UIL, *Confindustria* and the Berlusconi government signed an agreement to flexibilise the negotiating system, experimenting with the decentralization of collective bargaining arrangements and the proportionality between wages and productivity. The agreement introduced a new reference indicator to protect the purchasing power of collectively agreed pay, as well as the possibility to use 'opening clauses' in decentralised bargaining and the commitment to define new rules assessing social partner representativeness.

A new agreement was signed by all the three major union confederations, the government and *Confindustria* in June 2011, stating that company-level agreements could derogate national agreements only in the cases in which this possibility had been allowed for in the industry-level agreement itself. However, Article 8 of the austerity package approved by the parliament at the end of the Berlusconi government in September 2011 (Legge 148/2011) allowed company-level agreement to undercut national agreements and even national legislation on issues like working time, flexible employment contracts, recruitment procedures, work organization and job classification. The role of company-level agreements was further strengthened in November 2012, with a new agreement signed by CISL and UIL (without CGIL) and *Confindustria*, brokered by the grand-coalition technocratic government led by Mario Monti.

In May 2013, a new agreement was signed between CGIL, CISL, UIL and *Confindustria*, stating that representativeness of the unions will be assessed by joint reference to the share of each trade union in total membership and to the number of votes received in the elections of an RSU by each trade union, as a proportion of all votes cast. Organizations with a representativeness of at least 5%, this being the simple average between the percentage of total membership and of total votes cast in RSU elections, will be admitted to the bargaining table for the corresponding industry-wide agreement. The two indicators will be weighted equally, each providing the basis of 50% of the final representativeness.

As for the effectiveness of sectoral agreements, the protocol establishes that the deals signed by trade union organizations with representativeness of at least 50% plus one are binding for all the signatory parties and will be applied to all workers. The agreements will be fully effective after they have been approved by a simple majority in a worker consultation. The specific rules of such consultations will be defined in each industry-wide agreement. The protocol states that trade union confederations and their affiliates will “commit themselves to grant full implementation of these agreements and not to start disputes on their application”(Pedersini 2013).

1.3.2 Strikes

Which workers have according to the law the right or the freedom to strike? Are wildcat strikes i.e. the ones not authorized by the labor union the assembly of workers, legal? Are there any time-limits to strikes, any differences across economic sectors?

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., non-work-related issues, legal? Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal? Are employers allowed to fire or replace striking workers, in which conditions? Are employers' lockouts allowed by law?

Article 40 of the Italian Constitution states that, “The right to strike shall be exercised in compliance with the law”. Actually, the only laws limiting the right to strike in Italy, are the Legge 146/1990 and the Legge 83/2000, that regulate the right to strike in respect to ‘essential public services’, such as healthcare, public transportations, waste management, the postal

service, etc. The limitations to the right to strike in these sectors are stated in the national labor agreements and verified by a national commission composed by experts in labor law and industrial relations named by the President of the Republic.

Apart from the limits set by the law on 'essential public services' and by those included in the national labor agreements (such as 'cooling clauses' that forbid to strike for a certain time after an agreement, etc.), there are no limits to the right to strike: every trade union, both at the company and at the national level, can declare a strike, given that the constitutional right to strike does not belong to the unions but to individual workers. Every discrimination based on union activity or any 'anti-union conduct' on the part of employers is forbidden by the *Statuto dei Lavoratori* ('Workers' Charter', Legge 300/1970).

The legitimacy of employers' lockout is controversial and disciplined by a long series of judicial rulings.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES:

1942: Civil Code. (*Codice Civile (Regio Decreto 262/1942)*).

1948: Constitution of the Italian Republic (*Costituzione della Repubblica Italiana*).

1966: Law 604 (*Legge 604/1966*)

1970: Law 300 (*Legge 300/1970*)

1975: Law 174 (*Legge 174/1975*)

1988: Law 160 (*Legge 160/1988*)

1990: Law 146 (*Legge 146/1990*)

1991: Law 223 (*Legge 223/1991*)

1993: Interconfederal Agreement 23 July (*Accordo Interconfederale 23 Luglio 1993*)

1997: Law 196 (*Legge 196/1997*)

2000: Law 83 (*Legge 83/2000*)

2003: Law 30 (*Legge 30/2003*)

2004: Legislative Decree 213 (*Decreto legislativo 213/2004*)

2007: Law 247 (*Legge 247/2007*)

2008: Law 133 (*Legge 133/2008*)

2009: Law 2 (*Legge 2/2009*)

2009: Interconfederal Agreement 15 April (*Accordo Interconfederale 15 Aprile 2009*)

2010: Law 183 (*Legge 183/2010*)

2011: Interconfederal Agreement between Confindustria and CGIL, CISL, UIL 28 June (*Accordo Interconfederale fra Confindustria e CGIL, CISL, UIL del 28 Giugno 2011*)

2011: Law 148 (*Legge 148/2011*)

2011: Law 214 (*Legge 214/2011*)

2012: Law 92 (*Legge 92/2012*)

2012: Agreement “Programmatic Lines for the Growth of Productivity and Competitiveness in Italy” 21 November (*Accordo “Linee programmatiche per la crescita della produttività e della competitività in Italia” 21 Novembre 2012*)

2013: Interconfederal Agreement on Representation 31 May (*Accordo Interconfederale sulla Rappresentanza 31 Maggio 2013*)

2014: Law 78 (*Legge 78/2014*)

2. Health services and social aid⁶⁷

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

Who has a right to receive sickness benefits (excluding private insurances)? Are there differences across groups like residents/non-residents or public/private sector workers? How long would the benefit be paid?

2.1.2 Sickness benefits

How large is the benefit – relative to the average salary?

If everyone does not get the equal amount, then describe the differences, particularly for residents and non-residents (also asylum seekers).

⁶⁷A useful source for Italy, Greece and Spain is:

http://www.academia.edu/download/30582208/austerity_policies_and_the_esm.pdf. Even

<http://www.econstor.eu/bitstream/10419/83958/1/769847420.pdf> is useful for crisis affected countries – Greece, Italy, Spain, UK.

Article 38 of the Constitution sanctions the right of workers to be provided with adequate means of subsistence in the event of illness. The relevant regulations are to be found in Article 2110 of the Civil Code, which recognizes the right of employees who are absent through illness to receive either a social insurance benefit (if provided for by law) or their pay or part of their pay, for a period of time and in an amount laid down by law, by collective bargaining, by custom or according to natural justice. Public sector workers are entitled to receive their full pay directly from the employer from the first day of illness; private sector workers, on the other hand, receive a sickness benefit from the INPS (*Istituto Nazionale di Previdenza Sociale*, the national agency for social security), although this is usually made up by the employer to the amount of their normal pay, under the terms of the relevant industry-wide agreement (European Employment and Industrial Relations Glossaries).

2.1.3 Healthcare services

How large, if at all, is the citizen's contribution when visiting the public health services (hospitalization, examinations, home visits, dentist)? How long is the maximum waiting-time for a visit in primary health-services, if applicable?

Healthcare in Italy is public and universal, but since 1989 citizens have to pay tickets (co-pay) to access some health services. The amount of tickets depends on the region (since the constitutional reform of 2001 healthcare is a regional competence) and on the income level of the citizen. The average yearly expense in tickets is estimated around 140 euros. Children under six, seniors over 65, disabled people and low income families are exempted.

The Ministry of Health produces every three years a 'national plan to contain waiting-time' for healthcare services, establishing a maximum waiting-time for some services, over which the citizens can have that service covered by a private institution, without paying.

3. Elderly care

3.1 Retirement age and eligibility (rights)

What is the retirement age for men and women, any differences across the type of work done? Is there an option for early retirement, in what conditions?

5.1.1 Retirement benefits (old-age pension)

How large is the old-age pension? Give absolute average measure of old-age pension and describe how it is in general calculated.⁶⁸ Report also the minimum pension, if applicable.

*Is there a measure of a means-tested benefit for pensioners with incomes below a given threshold (minimum *vieillesse*), if yes, specify the threshold (relative to average income in the country).*

Retirement age is now fixed at 66 for men and 64 for women. Since 1992, Italy has seen a long period of transition from the old system based on the *pensione d'anzianità* (early retirement) and the retributive calculation of the pension (based on the last salary) to the new system based on the *pensione di vecchiaia* (old-age pension) and the contributive calculation of the pension (based on the social-security contributions paid). The final (for now) step in this process is the Legge 214/2011 that finalises the transition.

In particular,

The pension reform of December 2011 was indeed fairly bold. The transition to a contribution based system (whose idea was dated 1995) was dramatically accelerated. In addition, any provision for early retirement was basically removed. The older generation- largely untouched by the marginal reform process- was significantly hit for the first time in twenty years. (Garibaldi and Taddei 2013:24)

Furthermore, the pension reform heavily impacted the labor market, putting an end to the old habit of using early retirement, in agreement with the unions, as a partial solution to provide smooth exit from the labor market for employees of companies in crisis. In more detail:

The sudden elimination of early retirement - albeit perfectly desirable from the standpoint of social security - delivered dramatic effects on the labor market. On the one hand, more than 150,000 (estimate) workers suddenly ended up with no job, no unemployment benefits and no pensions. The government had to intervene with ad hoc measure to save the so called *esodati* (those undergoing an exodus). On the other hand, as firms could no longer use the soft exit

⁶⁸Pensions systems are extremely complicated and one can often combine state minimum pension, pensions paid by the employee and the private savings in specific retirement funds. Keep the description simple or provide some reference to the source which describes the method in English.

into early retirement as a downsizing policy, many firm-level agreements that had already been signed lost a key support. In fact, many workers had accepted to resign from their job under the promise that the firm would pay their salary until early retirement. As the reform cancelled the possibility to retire early, these agreements between firms and workers left some workers with the prospect of a period without a job and pension benefit. This is the question of the so called *esodandi* which, at the time of writing, remains still unresolved. (Garibaldi and Taddei, 2013:24).

Eighteen months and two changes of government after the publication of the cited paper, the issue still remains unresolved. The average pension in Italy in 2012, according to ISTAT was 11,482 euros per year. The minimum fixed by law for 2014 is 10,854 euros a year.

5.2 Elderly care services

Is there any public elderly care (residential home for elderly, nurses' assistance at home)? If yes, how large is the required co-funding? How long is the maximum waiting time for a place in residential home for elderly? Do the rights for these forms of care differ on basis of citizenship or residence?

A regime of regulation and authorization of residential homes for the long-term care of non-self-sufficient elderly people, included in the healthcare system (RSA, *residenze sanitarie assistenziali*), has been introduced by the Decreto Legislativo 502/92 and by the Decreto Legislativo 229/99, even if in December only 63.3% of homes had completed the accreditation procedure. Concerning the residential homes for self-sufficient elderly people, that do not involve a strong healthcare component (RA, *residenze assistenziali*), the system of accreditation and authorization was introduced by the Legge 328/2000, but the various regions have completed their part of regulation only recently.

The distribution of residential homes is uneven in the national territory: 66.4% of Italian municipalities are covered, but the coverage is 81.1% in the North-West, 90.2% in the North-East, 74.1% in the Center, 28.7% in the South and 43.7% in the Islands. The average waiting time is between three and six months, even if in some regions, like Lazio, this moves to 11 months. The average copay is around 1100 euros a month in RA and 1400 in RSA.

In 2010, 2% of over-65 people lived in RA, 1.8% in RSA, and 4.1% used home assistance services of the healthcare system (Montemurro 2011, IRCCS-INRCA 2013).

5.3 Care of disabled people

5.3.1 Disability pension and care

Who is eligible for disability pension and care? Do residents and non-residents have the same rights?

5.3.2 Benefits

How large is the disability pension? Give absolute average measure and relative to the prior salary (if applicable).

People who have a 100% disability receive a *pensione di inabilità* of 275.87 euros a month, if they have an annual income under 16,127.30 euros a year. People who a disability between 74% and 99% receive the same pension if they are unemployed and have an annual income under 4738.63 euros. People who have a 100% disability and are not able to walk and conduct daily activities alone, receive an *indennità di accompagnamento* of 499.27 euros a month (783.60 for blind people).

5.3.3 Services

Is there a public care (residential house, home assistance) for disabled people? How large is the required co-financing? Is there a regulated maximum waiting times for a place, if yes, report how many months? Is there an option for home-care, if yes, how this is regulated/compensated?

If, on the one hand, thanks to innovative laws and practices, Italy has been cutting edge in Europe on the issue of disability, now the picture looks different, with a very partial application of the existing laws and a public debate on the issue of disability [...] focused in most cases on the possibility to recuperate money from this item in the public budget. (CENSIS 2012:5)

For what the *Assistenza Domiciliare Integrata* (ADI, ‘integrated home-care’, handled by local health agencies and municipalities and addressing both disabled and elderly people), in 2008 it involved 500,000 people, 829 for every 100,000 citizens, while houses in the same year were around 7,900 (5,400 residential and 2,500 semi-residential), with a similar geographic distribution to the one identified when discussing the services addressing elderly people.

It also has to be noted that most services related to disabilities and healthcare in general are handled by the regions and municipalities. Therefore, even if it is difficult to identify the specific policy changes at the national level that citizens’ rights, the habit to frequently save money in the annual budget law by cutting the money transfers from the central government to the regions and municipalities, that has been characterising all the governments in the years of the crisis, had an indirect but heavy effect on the services for disabled and elderly people and on the healthcare system in general.

6. Poverty measures

6.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for poor (e.g. allowances for heating, electricity, food)? Please list only means-tested measures and follow a structure: the name of the instrument; who is eligible; what exactly one is entitled to receive (e.g. financial aid, a service based on caseworker’s discretion).

6.2 Benefits and services

What anti-poverty measures are there and how large are they? Give absolute measures and relative to the average salary (if applicable). List also non-financial benefits like housing service for homeless, food-aid etc.

Italy is known to be one of very few European countries that does not have any kind of universal basic income, not even in the case of extreme poverty, inheriting a tradition of a labor-based welfare system. In this context, the crisis has evidently proposed with more force than ever the issue of poverty: ‘In 2012 4.8 million people living in Italy experimented absolute poverty, the 8% of the total, while in 2007 they were 2.7 million, that is 4.1%. This is the core of the issue: the poor doubled in five years’ (Gori, 2014:12).

In the same years, austerity hit the public welfare system hard. To give a general idea, the total of national funds for social policies in 2008 amounted to 2.5267 billion euros and in 2012 to 229.4 million euros (Misiani, 2014). In four years, from the start of the crisis, public funding for services addressing vulnerable groups was cut by more than 90%.

The most relevant anti-poverty measures proposed and launched in the last few years has been the *Carta Acquisti* (‘shopping card’, known also as the ‘social card’), established by the Legge 133/2008, under the Berlusconi government. This amounts to 40 euros a month for people younger than three or over 65, living in a family the ISEE⁶⁹ of which does not go over 6781.76 euros. In 2012, the Monti cabinet launched, with the *Decreto*, Legge 5/2012, the experiment of a new social card in the 12 cities with more than 250,000 inhabitants. This new measure addresses all families with at least a minor child and with an ISEE lower than 3,000 euros and in which all the family members are unemployed. The monthly amount depends on the number of family members: from 231 euros for two members to 404 euros for five or more members. The Letta cabinet, with the Decreto Legge 76/2013, extended the experiment to all the Southern regions.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES

1942: Civil Code. (*Codice Civile (Regio Decreto 262/1942)*)

1992: Legislative Decree 502 (*Decreto Legislativo 502/92*)

⁶⁹ISEE is an index calculating the economic condition of a family, as a ratio between the sum of the yearly income plus the 20% of the assets, on a parameter which represents the characteristics of the family (number of members, presence of disabled people, unemployment, etc.).

1999: Legislative Decree 229 (*Decreto Legislativo 229/99*)

2008: Law 133 (*Legge 133/2008*)

2011: Law 214 (*Legge 214/2011*)

2012: Decree-Law 5 (*Decreto Legge 5/2012*)

2013: Decree-Law 76 (*Decreto Legge 76/2013*)

6. Taxation and policies in respect of housing

6.1 Taxation

6.1.1 Consumer taxation

How large is the VAT, energy (electricity) tax, gasoline and diesel tax, and the tax for the oil used for heating the homes?

The IVA (VAT) is 4% on necessary food, 10% on tourism and food services, 22% on all the rest. In 2011 it was raised from 20% to 21% (*Legge 216/2011*) and in 2013 from 21% to 22% (*Legge 228/2012*). The tax on gasoline for cars is 730.80 euros for one thousand litres, on diesel 619.80 euros for one thousand litres, on the oils used for heating is between 128.26775 euros and 461.95830 euros for one thousand kilos, depending on the fluidity of the oil. These taxes are continuously raised to respond to state budget problems.

6.1.1 Income tax and exceptions

What is the lowest taxable annual income and are there any exemptions, which kinds?

The main income tax in Italy is called IRPEF (*Imposta sul Reddito delle Persone Fisiche*, ‘tax on the income of individuals’). Here are rates and income brackets:

Table 1: IRPEF

Income bracket	Rate	Amount to be paid
up to 15,000 euros	23%	23% of income
more than 15,000 and up to 28,000 euros	27%	3450 + 27% on the part exceeding 15,000 euros

more than 28,000 and up to 55,000 euros	38%	69,60 + 38% on the part exceeding 28,000 euros
more than 55,000 and up to 75,000 euros	41%	17,220 + 41% on the part exceeding 55,000 euros
more than 75,000 euros	43%	25,420 + 43% on the part exceeding 75,000 euros

Due to the different types of income, exemption from IRPEF is determined at:

- 8,000 euros, for employees;
- 7,500 euros, for pensioners under 75;
- 7,750 euros, for pensioners aged 75 or older;
- 4,800 euros for taxpayers with other types of income.

One of the first measures taken by the Renzi cabinet in the spring of 2014 was the introduction of a tax bonus for employees. The Decreto Legge 66/2014 establishes a tax bonus for all the employees with a yearly income lower than 26,000 euros. This bonus amounts to 640 euro for workers whose income is lower than 24,000 euros, and above that level it progressively decreases arriving to 0 at 26,000 euros.

Regions and municipalities can add a share on IRPEF, the so called *addizionale regionale* and *addizionale comunale*. The increase of the *addizionali* had been blocked by the central government, in response to the crisis, with the Decreto Legge 93/2008. Regions and municipalities got back their power to handle the *addizionali* with the Decreto Legge 138/2011.

Another measure in response to the crisis-related to IRPEF was the introduction of the so called *contributo di solidarietà* ('solidarity contribution'): the Decreto Legge 138/2011 established a 3% one-time tax on the share of income over 300,000 euros a year. This measure has been prorogued many times, and it will last at least until 2016.

6.1.3 Inheritance tax

How large is the tax and what exemptions are there?

The *imposta di successione* ('inheritance tax') is calculated multiplying the land registry value of the property for a coefficient corresponding to the type of property and then applying rates corresponding to the degree of kinship of the heir:

- 4% for the spouse, parent or child, to be calculated for the value exceeding, for each heir, 1 million euros;
- 6% for siblings, to be calculated for the value exceeding, for each heir, 100,000 euros;
- 6% for all other relatives until the fourth degree, on the entire value;
- 8% for everyone else, on the entire value.

This tax had been abolished by the right-wing government led by Silvio Berlusconi with the Legge 383/2001, and was reinstated by the center-left government led by Romano Prodi with the Legge 286/2006.

The taxation of houses has been a hot topic of political debate since 2008. The abolition of the *ICI (Imposta Comunale sugli Immobili, 'municipal tax on real estate')* was one of the key points of the program with which Berlusconi and the right gained the absolute majority in 2008. Consequently, the Decreto Legge 93/2008 established the total exemption from the real estate tax of first houses, independently on their nature and value. Then the same government, with the Decreto Legislativo 23/2011 instituted the *IMU (Imposta Municipale sugli Immobili 'municipal tax on real estate')*, destined to merge the *ICI* and the part of the *IRPEF* related to real estate gains, but starting from 2014 and without touching first houses. After the peak of the 'spread crisis' of the Summer of 2011 and the fall of the Berlusconi cabinet, the new technocratic government led by Mario Monti, with the Decreto Legislativo 201/2011, anticipated the start of the new *IMU* to 2012 and extended it to first houses.

The *IMU* generally amounts to the 0.76% of the land registry value, multiplied for different coefficients corresponding to the type of property. For the first houses, for 2012 and 2013, the rate is 0.4% and there is a 200 euros deduction, increased by 50 euros for every child under 26 living in the house, until a maximum of 400 euros.

After the elections of 2013, the IMU became once again one of the core issues of the political debate, since Berlusconi posed its abolition as the main conditions to participate in the new grand coalition government led by Enrico Letta. Consequently, the Decreto Legge 54/2013 suspended the payment of the first share of IMU for first houses for 2013, then the Decreto Legge 102/2013 abolished it and the Decreto Legge 133/2013 did the same for the second share. Finally, the Legge 147/2013 reformed the taxation on real estate, instituting the IUC (*Imposta Unica Comunale*, ‘unique municipal tax’), based on a new IMU (from which first houses are now exempted, a part from the most luxurious categories) and TASI (*Tributo per i Servizi Indivisibili*, ‘tax on indivisible services’), on municipal services like waste management.

6.2. Rights related to mortgage loans⁷⁰ or unpaid rent

What happens if the owner of a house/apartment is unable to meet their payment commitments? Is there any regulation of evictions?

When the owner of a house is unable to pay his/her mortgage, the bank can sue him/her and ask for the *pignoramento* (‘foreclosure’) of the house. This can happen when the owner is late by more than 180 days, or is seven times late by a time between 30 and 180 days. The association of Italian banks, since 2009, has started a *Piano Famiglie* (‘Family Plan’) that suspends mortgage payments for 12 months for people who have a mortgage until 150,000 euros on their first house, with an yearly income lower than 40,000 euros and who in the last year experienced some negative events (death, unemployment, disability, etc.). Then there is the state solidarity fund that will be mentioned in a following section.

What happens if a person renting the house/ apartment is unable to meet their payment commitments? Is there any regulation of evictions?

The procedure of *sfratto* (‘eviction’) for *morosità* (arrearage) is quite long and complicated and involves a lawsuit by the owner of the house. The Decreto Legge 102/2013 established a *Fondo per la Morosità Incolpevole* (‘Fund for Involuntary Arrearage’, funded with 20

⁷⁰A useful reading about this issue is an article - Van der Heijden, H., Dol, K., & Oxley, M. (2011). Western European housing systems and the impact of the international financial crisis. *Journal of Housing and the Built Environment*, 26(3), 295-313, <http://link.springer.com/article/10.1007/s10901-011-9230-0/fulltext.html#CR1>

million euros for 2014 and 20 for 2015) to help to pay rent up to a maximum of 8,000 euros for people who are unable to pay rent because they lost their job.

In the Spring of 2014, the Renzi government launched a *Piano Casa* (“Housing Plan”, Legge 80/2014), funding social housing with 1.741 billion euros, the *fondo morosità inconspevole* with 226 million euros and cutting taxes the house owners who accept *canone concordato* (a regime with low rent and low taxes). On the other hand, this law has been strongly criticized by housing rights movements because of Article 5, that forbids the furniture of water, gas and electricity to illegally occupied houses and cancels occupants for five years from the list of access social housing.

6.3 Social housing

Is there an institution of social housing and who is eligible to stay there, for how long a time period?

The ERP (*Edilizia Residenziale Pubblica*, ‘public residential building’) has been declining in Italy since the 1980s: between 1994 and 2004 the realization of new houses went from 34,000 each year to 1,900 each year. With the Legge 9/2007, the state went back giving to regions and municipalities resources (500 million euros) and guidelines. With the change of government, the Legge 133/2008 blocked most of those funds and proposed new guidelines based on co-operation with private contractors.

In fact, local agencies controlled by regions and municipalities handle now what remains of the ERP: around 800,000 apartments, in which two million people live (500,000 over 65). The average rent is 98 euros a month. Houses are assigned according to income and particular conditions (disability, etc.). In 2012 between 600,000 and 700,000 families meeting the legal criteria were waiting for an assignation of a public house.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT TAX & HOUSING POLICIES:

2001: Law 383 (*Legge 383/2001*)

2006: Law 286 (*Legge 286/2006*)

2007: Law 9 (*Legge 9/2007*)

2008: Decree-Law 93 (*Decreto Legge 93/2008*)

2008: Law 133 (*Legge 133/2008*)

2011: Law 138 (*Decreto Legge 138/2011*)

2011: Legislative Decree 23 (*Decreto Legislativo 23/2011*)

2011: Legislative Decree 201 (*Decreto Legislativo 201/2011*)

2011: Law 216 (*Legge 216/2011*)

2012: Law 228 (*Legge 228/2012*)

2013: Decree-Law 54 (*Decreto Legge 54/2013*)

2013: Decree-Law 102 (*Decreto Legge 102/2013*)

2013: Law 147 (*Legge 147/2013*)

2014: Decree-Law 66 (*Decreto Legge 66/2014*)

2014: Law 80 (*Legge 80/2014*)

7. Family policies and costs of education⁷¹

7.1 Maternity/parental leave

7.1.1 Eligibility and flexibility

Who has the right to take maternity/parental leave, for how long time? Could it be combined with part-time working?

7.1.2 Benefits

How large is the payment when the person is on maternity/parental leave? Give absolute the average measure and relative to the prior salary (if applicable).

Maternity leave is disciplined by the Decreto Legislativo 151/2001. It is compulsory for five months, typically two before giving birth and three after (it can become one month before birth and four after, with the consent of the doctor). Local health agencies establish longer periods for risky pregnancies and local labor offices list longer periods for workers whose tasks are considered incompatible with pregnancy. The same regulation applies to the father in case of death, infirmity or abandonment of the mother. Maternity benefit during leave amounts to 80% of the daily salary, covered by the state. Some CCNL oblige employers to pay the remaining 20%. Autonomous and *parasubordinate* workers have the right to receive this benefit for the same five months, if they decide to stop working.

The Legge 92/2012 have begun an experiment, for the period between 2013 and 2015, of paternity leave: in the first five months of a child's life, the father is obliged to take at least one day of leave (with full pay), and he can take other two days that are detracted from the mother's maternity leave.

Furthermore, two parents (if they are employees) have 10 other months, freely distributed but with a six-month limit for person, of parental leave (11 if at least three are taken by the father)

in the first eight years of a child's life. During this leave, they receive a benefit of 30% of their daily wage.

The only relevant political debate and policy change on this issue in recent years is the one on the so-called *dimissioni in bianco* ('blank resignation letter'). Trade unions have been denouncing for years that some employers, especially in small businesses, have female employees, sign a blank resignation letter when they are hired, that later can be used to have them leave their job if they get pregnant. This phenomenon in 2008, according to Istat (Istat 2010:155), involved 8.7% of mothers who work or have worked. The parliament intervened, under the impulse of the center-left Prodi cabinet in 2007, with the Legge 188/2007, establishing the use of numbered resignation forms, distributed in the local labor offices and usable only 15 days after being collected. But under the new center-right Berlusconi cabinet, in 2008, the Legge 133/2008 (a big package of austerity cuts to public service, which involved mainly education) abrogated the previous law, considered as imposing an unfair bureaucratic weight on employers. After a quite significant public opinion campaign, the *Riforma Fornero* (Legge 92/2012) established that the resignation of pregnant women needs to be validated by local labor offices. A new proposal of law (Proposta di Legge 254), re-establishing the system of the numbered resignation forms, has been approved by the Camera on 25 March 2014 and is now debated in the Senate, facing the opposition of the *Nuovo Centrodestra*, right-wing party (one of the main leaders of which is Maurizio Sacconi, minister of labor and welfare in 2008 when the previous law was abrogated) that participates together with the *Partito Democratico* in the coalition government led by Matteo Renzi.

7.2 Child allowance

Who is eligible to receive child allowance and how large is it?

The *assegno al nucleo familiare* ('family allowance') goes to employees and pensioners as a function of their income and of the number of components of the family (calculating spouse and children under 18). In 2014, for example, a family with an income of 14,000 euros a year and seven members (two parents and five children), would get a monthly allowance of 625

euros, while a family with an income of 22,000 euros a year and three members (two parents and one child), would get a monthly allowance of 84 euros.

Furthermore, there is the *assegno per il nucleo familiare dei Comuni* ('municipal family allowance') of 141.02 euros, for families with at least three children and an ISEE of less than 25,384.91 euros.

7.3 State policy towards families with excessive debts/over-indebtedness

Is there any aid (benefits or services) for families who have excessive debts? Do children have to pay back the loans taken by their parents (can one inherit a loan)?

Fondo solidarietà mutui prima casa ('solidarity fund for mortgages on first home'): families who have a mortgage on the house in which they live until 250,000 euros and an ISEE lower than 3,000 euros can suspend the payment of the mortgage, while the interests are paid by a public fund. This has been instituted by the Legge 244/2007 but it started being funded and, therefore, working, in 2011. The funding was 20 millions in 2011, 10 in 2012 and 2013, 20 in 2014 and 2015. The *Riforma Fornero* (Legge 92/2012) restricted the access to people who lost their jobs. (Bartiloro et al., 2012).

Eligibility and costs of pre-school, primary-school education in the public sphere, specify which ages pre-school and primary school refer to in your country.

The public education system is composed of *scuola dell'infanzia* ('childhood school', three to six years), *scuola primaria* ('primary school', six to 11 years), *scuola media* ('middle school', 11-14 years) and *scuola secondaria* ('secondary school', 14-19 years). Attendance is compulsory between the ages of six and 15.

7.3.1 Pre-school

If there is a public pre-school system – who is eligible for it and how large are the fees? Are there any exemptions, which kind?

7.3.2 Primary-school

Are there any fees in public primary schools? How large? Are families eligible for benefits (transportation, lunch etc.)?

7.3.3 Gymnasium (between primary and university education)

If there is a public gymnasium system – who is eligible for it and how large are the fees? Are there any exemptions, which kind? Are families/pupils eligible for benefits (transportation, housing, lunch etc.)?

Public schools are free from fees, apart from lunch fees, the average cost of which in 2013 has been estimated by the trade union UIL at 73 euros a month. These fees, anyway, are established at the municipal level, with exemptions and distributions based on the family income.

Nevertheless, other expenses weigh on families: even if the Decreto Ministeriale 43/2011 established a maximum of 330 euros for textbooks, the consumers' association *Federconsumatori* estimates that families spend an average of 481 euros for the first year and 400 euros for the following years. Furthermore, many schools ask for 'voluntary contributions' of between 50 and 400 euros a year. Transportation costs are estimated by student unions on average at 180 euros a year. Grants and benefits, based on the ISEE, are established at the regional and municipal level.

7.4 Costs of university level studies

7.4.1 Tuition fees and exceptions

How large are the fees at public universities and are there any exceptions? Are students eligible for benefits (housing, transportation, etc.)?

University tuition fees involve small taxes for the national and regional government and contributions to the university budget. The latter share is the largest, and is different according to the university. Every university has its own system, but generally there are different brackets according to the family's wealth (certified by the ISEE index). The average fee paid by a student goes from the 436 euros of the University of to the 1,712 euros of the Polytechnic of Milan (Trovati, 2013). The student welfare system is regional and handles grants and access to student housing and canteens, according to criteria of financial income and academic performance. About 7% of Italian students receive a grant.

The last few years have seen an unprecedented series of cuts to the state-funding of the education system: from 2008 to 2013, the budget of the ministry of education passed from 58,649 million euros to 51,084 million euros, and the relative share of the state budget passed from 10.6% to 9.1% (Camera dei deputati, 2013). In particular, the Legge 133/2008 represented the heaviest cut to the university system in national history: the state funding to universities was cut by 63.5 million euros in 2009, by 190 million euros in 2010, by 316 million euros in 2011, by 417 million euros in 2012 and by 455 million euros in 2013. This law provoked a wave of student mobilization in the Fall of 2008, the so called *Onda Anomala*, ('Anomalous Wave'), and it went to be contested for years for its huge impact in terms of tuition fees, student services and staff turnover. In 2012, the total of tuition fees received by Italian public universities had increased by 63.3% and 45 of the 63 Italian public universities do not respect the law according to which the revenue from tuition fees cannot be more than 20% of the state funding.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE POLICIES AND POLICIES AFFECTING THE FUNDING OF THE EDUCATION

2011: Legislative Decree 151 (*Decreto Legislativo 151/2001*)

2007: Law 188 (*Legge 188/2007*)

2007: Law 247 (*Legge 247/2007*)

2008: Law 133 (*Legge 133/2008*)

2011: Ministerial Decree 43 (*Decreto Ministeriale 43/2011*)

2012: Law 92 (*Legge 92/2012*)

2014: Proposal of Law 254 (*Proposta di Legge 254*)

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Institutional websites

Camera dei Deputati: <http://www.camera.it>

ILO: <http://www.ilo.org>

INPS: <http://www.inps.it>

ISTAT: <http://www.istat.it>

OECD: <http://www.oecd.org>

Poland

Summary

Changes concerning labor market policy: two ‘anti-crisis packages’ (2009-2011, 2013-) and labor code modifications: making working time arrangements more flexible, allowing for work stoppage for economic reasons and broadening support for employers. During the first years of the crisis, the funds for public employment services were frozen (then partially unfrozen). In 2014, the reform of employment services started.

Healthcare: allowing for voluntary transformation of public hospitals into corporate units in 2011 – the financial contribution of the state (especially the local government) for the maintenance of hospitals was reduced. Due to cost-cutting, some healthcare institutions have limited the amount of benefits and services they offer.

Pensions: a gradual increase of the retirement age for both men and women to 67 years of age since 2013; cancellation of earlier retirement possibilities in 2009; reduction of fees charged by open pension funds in 2009; reduction of the contributions to the funded ‘second pillar’ in 2011; partial nationalization of private pension funds in 2013.

Changes concerning pre-school eligibility: broader eligibility/formal rights to pre-school education introduced: since 2009 a formal right to pre-school education for children aged six, since 2010 an obligatory year in a pre-school for children aged five years, from 2017 a subjective right to attend a kindergarten for children aged three to four years.

Significantly lower pre-school charges: since 2010, 5 hours a day of pre-school education free of charge, since 2013, a fee for every sixth and subsequent hour a day – PLN 1 maximum (ca. €0.25). Lowering of the school age in 2013: from seven to six years of age.

The Value Added Tax was reformed so as to converge with the EU VAT regulations (2004). Other major reforms were introduced in 2014: 1) the tax point no longer arises on the date when an invoice is issued but upon the delivery of goods or services; 2) A change was introduced to the rules of VAT deduction on the purchase and running costs of vehicles. Since

April 2014, the amount of VAT eligible for deduction on the purchase has dropped from 60% to 50% (however, the upper limit of the deduction was eliminated).

The PIT system was simplified to two rates of 18% and 32%.

Exemptions from inheritance tax/donation tax were introduced for the closest relatives (spouses, descendants, ascendants, stepchildren, siblings, stepfathers and stepmothers) if they register their inheritance/donation at the local tax authority.

The length of paid (at a 100% rate) maternity leave was extended by six additional weeks and, in 2013, 26 weeks of paid (at a 60% rate) parental leave were introduced. These two leaves can be combined, making it possible to take 52 weeks of paid parental leave at an 80% rate.

1. Labor policies

1.1 Termination of contracts

Are there legal rights of advance notice, what do these look like and to whom are they applicable?

Each party may terminate the contract of employment with a notice period whenever they wish to. The length of the notice period for an employee with an open-ended contract depends on the actual length of employment at the time the notice is given (as regulated by the Labor Code):

- two weeks – if the employee has been employed for less than six months;
- one month – if the employee has been employed for at least six months but less than three years;
- three months – if the employee has been employed for at least three years.

The following groups of employees are protected against dismissal:

- employees who will reach the retirement age in no more than four years;
- employees who are pregnant or have recently given birth;
- employees who are on parental leave,
- employees in unionized companies who are members of the management board of a trade union.

Fixed-term contracts (*umowy o pracę na czas określony*) as well as apprenticeship contracts end on the date of expiry of the contract. The notice period applicable in the case of termination of the contract before the date of expiry is regulated in the agreement.

There are no regulations on the termination of a ‘contract of mandate’ (*umowa zlecenia*) or a contract for a specific task (*umowa o dzieło*). It is always regulated in the agreement (*contract*) between the worker and the employer.⁷²

What is the compensation (fee) for the termination of the employment contract of full-time workers?

There are no compensation payments, unless the parties agree otherwise. Generally, an employer would commit her/himself to pay a certain amount as severance payment for the loss of the employee’s job. Only in the case of collective redundancies, the employees whose contract of employment has been terminated are provided with severance payments (see below).

Does the law establish a public policy list of ‘fair’ grounds for dismissal?

Collective redundancies are deemed to take place where an employer who employs at least 20 persons terminates, within a period of 30 days maximum, the employment relationships, by notice or by mutual agreement of the parties, with: at least 10 employees, if the employer employs less than 100 persons; or 10% of employees, if the employer employs at least 100 but less than 300 persons; or 30 employees, if the employer employs 300 or more persons.

⁷² In 2013, almost 13% of all employees worked under ‘civil law’ contracts (contracts of mandate or contracts for a specific task), which was a significant increase (in 2008, it was 9%); source: <http://www.mpips.gov.pl/aktualnosci-wszystkie/prawo-pracy/art,6610,oskladkowanie-umow-zlece.html>, 2014.07.31

Employers shall consult trade unions operating in the employer's company about the intent to conduct mass lay-offs. Where the company trade unions do not operate at the given employer, their rights connected with the mass lay-off procedure shall be available to employee representatives selected in procedures adopted at the given employer. After concluding the agreement with the company trade union or with the representatives, the employer shall notify the proper labor office in writing of the agreements reached on the lay-offs, including the total number of employees and the number of the employees to be laid off, the reasons for the lay-offs, and the period during which the lay-offs are to be made. Termination of employment relationships with employees in the scope of mass lay-offs may occur no sooner than after 30 days from the date of the notification delivered to the local labor office.

The amount of the severance payment depends upon the length of employment of the employee with the given employer as follows:

- The equivalent of one month's salary, if the employee has worked for less than two years;
- The equivalent of two months' salary, if the employee has worked for two to eight years;
- The equivalent of three months' salary, if the employee has worked for more than eight years.

No major reforms have been implemented in this field in Poland in recent years.

1.1.2. Minimum wage

There is a statutory national minimum wage, which is fixed each year by a tripartite committee (government, trade unions and employers' organizations). It is increasing consistently, year by year. To give an example, in 2003, the minimum gross remuneration stood at PLN 800, in 2008, it stood at PLN 1,126, and in 2014, it is PLN 1,680. Every person working under a contract of employment, including a fixed-term and replacement employment contract, is entitled to the minimum wage.

Exceptions: if a person works part-time, his/her minimum wage is proportionally lower. In the first year of work, employees can be paid 80% of the minimum wage. Persons working under different types of contracts (civil law contracts) have no right to the minimum wage.

1.1.3 Vacation

All employees are entitled to an annual, continuous, paid vacation leave. In the calendar year in which an employee takes up a job for the first time, he/she acquires the right to leave after each month of work, the length of leave being 1/12 of the leave due after one year of work. An employee gains the right to subsequent leave in each subsequent calendar year. Annual leave totals are as follows:

- 20 days – if the employee has been employed for less than 10 years;
- 26 days – if the employee has been employed for at least 10 years.

The period of employment on which the length of the leave depends, includes, upon graduation from:

- basic vocational school – the time defined by the curriculum, but not more than three years;
- secondary vocational school – the time defined by the curriculum, but not more than five years;
- secondary school of general education – four years;
- post-secondary school – six years;
- school of higher education – eight years.

The above periods cannot be added together.

Holiday allowance is paid to persons employed under a contract of employment if they take a paid leave of at least 14 days. This is not a mandatory allowance, it is paid only in the companies which hire more than 20 workers under a contract of employment and which have set up a Guaranteed Employee Benefits Fund. Holiday allowance rates in 2014:

- employees working full-time: PLN 1.093.93;
- employees working half-time: PLN 546.97;
- employees working 3/4 time: PLN 820.45;
- employees working 1/4 time: PLN273.48.⁷³

Change in 2011: Employers are not legally obliged to offer a day off in exchange for a national holiday if it falls on Saturday or other day free of work according to the weekly work schedule.

Change in 2011: Overdue holiday may be carried over to the following year, provided the employer agrees, and is valid until the end of September (previously, this was until the end of March).⁷⁴

Comments:

Special changes: anti-crisis legislation:

June 2009-December 2011: The first ‘Anti-crisis package’ (Act of 22nd August 2009 on easing the effects of the financial crisis for employees and employers) introduced the following changes: extension of the reference period to 12 months; subsidies to enterprise training funds; state support for enterprises in trouble over a period of two years (in order to retain jobs); 24-hour work cycle of flexible working hours; constraints on fixed-term employment contracts: they can be concluded only for a maximum period of 24 months (before, only two consecutive fixed-term employment contracts were possible, but very often the period of those contracts was longer than 24 months).

⁷³ Wskaźniki i stawki, świadczenie urlopowe, Source: <http://www.wskazniki.gofin.pl/8,193,1,swiadczenie-urlopowe.html>, 2014.07.31.

⁷⁴ Act of 16 September 2011 on reduction of certain obligations of citizens and entrepreneurs, Ustawa z 16 września 2011 o redukcji niektórych obowiązków obywateli i przedsiębiorców (DzU nr 232, poz. 1378).

November 2013: A new ‘Anti-crisis package’, Act of 11th October 2013 on Special Solutions for Job Protection (still valid). No regulations concerning working time (because of the new legislation, see below).

Financial support for enterprises suffering from financial difficulties to ensure their staff are paid properly and social security contributions are kept up to date (for a maximum period of six months); training funds – subsidized as in the former legislation, although the extent of the new measures is narrower; flexibility – work stoppage for economic reasons and reduction of working time. They may be introduced through relevant regulations in collective bargaining agreements or agreements with trade unions or employee representatives without the need to formally alter work and pay conditions of each employee individually.

Special changes regarding working time are given below.

Change in 2011: The working day for people with disabilities in employment was extended to eight hours (previously seven).

Changes in 2013: The Labor Code and the Act on Trade Unions were changed. It is possible for employers to calculate working time over a one-year reference period if this can be justified by objective, technical or organizational reasons (extended working time calculation period). If an employee is not able to work the full number of hours required by their contract in a given month, the employer will still be required to pay them at least the minimum wage.

The introduction of flexitime and other forms of working time organization. The changes make it possible for employers to vary the time that work should start and to define the timespan in which an employee may choose to start work.⁷⁵

⁷⁵ The Regulation of 12 July 2013 amending the Labor Code and the Act on Trade Unions.

1.2 Unemployment

A person is entitled to unemployment benefit if she/he: is registered in an employment office in the place of residence; had worked for a total of at least 365 days in the period of 18 months before the day of registration and, during that period, had been receiving an income which is at least equal to the minimum wage, from which contributions for social security and the Labor Fund were made; has no possibility to be employed or to be professionally activated within the field of activities proposed by the employment office.⁷⁶

Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)?

No, but people whose pay is below the minimum wage and who work on the basis of short-term contracts or civil contracts as well as temporary workers are at risk of not being able to fulfil the above mentioned criteria.

How long is the payment period and are there any constraints?

The payment period depends mainly on the situation on the local labor market:

- Six months for the unemployed person who, while receiving the benefit, lives in the area where the unemployment rate is not higher than 150% of the average national unemployment rate.
- Twelve months for the unemployed person who lives in the area where the unemployment rate is higher than 150% of the average national unemployment rate, for the unemployed person who is over 50 and has at least a 20-year period entitling

⁷⁶In May 2014, 86.7% of all the persons registered as unemployed were not entitled to benefit, Source: Główny Urząd Statystyczny, Monitoring Rynku Pracy, Miesięczna informacja o bezrobociu rejestrowanym w Polsce w maju 2014 r.

him/her to the benefit, for the unemployed person who supports at least one child below 15, and for the unemployed person whose spouse is also unemployed.⁷⁷

Change in 2009: *Shortening of the period* of entitlement to benefits for persons living in the areas with the highest unemployment rates, from 18 to 12 months.

1.2.2 Benefits

The unemployment benefit is set every year as a fixed amount (and not as a percentage of the salary). This amount depends on the length of employee's previous employment. The rates of unemployment benefits in 2014 are listed below.

Basic benefit (100%), five to 20 years of working experience:

- during the first three months, PLN 823.60;
- during the next months in which the unemployed person has the right to the benefit, PLN 646.70;
- reduced benefit (80%), less than five years of working experience:
- during the first three months of PLN 658.90;
- during the next months in which the unemployed person has the right to the benefit, PLN 517.40.

Higher benefit (120%), more than 20 years of working experience:

- during the first three months, PLN 988.40;
- during the next months in which the unemployed person has the right to the benefit – PLN 776.10.⁷⁸

⁷⁷ In March 2014, in 21.1% of the counties the unemployment rate was higher than 150% of the average national unemployment rate, Source: Bezrobotni oraz stopa bezrobocia wg województw, podregionów i powiatów - stan na koniec marca 2014 r., <http://stat.gov.pl>, 2014.07.31.

⁷⁸ Replacement rate: 100% of the basic unemployment benefit constitute 21% of the average salary in June 2014; Przeciętne zatrudnienie i wynagrodzenie w sektorze przedsiębiorstw w czerwcu 2014 r., <http://stat.gov.pl>, 2014.07.31

1.2.3 Services

Job placement and job counselling details are given below.

Training and Examination Loans: financed from the Labor Fund. The cost of an examination or a license may be covered for a participant once a year and up to 100% of the average monthly salary. A Training Loan for a participant is financed by the local employment office up to 400% of the average monthly salary. The loan is interest free and has to be repaid up to 18 months after completion of the training. The loan is dedicated to: the unemployed, the employees who are planned to be dismissed and the employed over 45 years of age.

Internships for Adults: increasing the employability of the unemployed and job seekers and formal confirmation of their skills and qualifications. Internships are offered on the basis of a contract between a local employment office, an employer (who can cooperate with the training institution) and an institution responsible for examination. Internships for Adults have two forms:

In-plant Education for Adults: 12-18 months.

In-plant Training for Adults: three to six months. A monthly scholarship is equal to 120% of the unemployment benefit. Upon completion of the program, the graduate receives the following documents: a certificate from the employer containing information about the tasks performed and theoretical sessions conducted as well as a state certificate from the training institution containing information on the skills acquired.

On-the-job trainings called 'vocational preparation in the workplace': financed by the Labor Fund and the ESF; six to 12 months; available for persons under 25 or 27 years of age (in the case of completion of education at the tertiary level) and over 50 years of age. A monthly scholarship is equal to 120% of the unemployment benefit. The trainings are a chance of gaining practical skills by performing tasks at the workplace without concluding an employment contract.

Trainings: financed from the Labor Fund and the ESF. The cost of a training chosen by an individual may be covered up to 300% of the average monthly salary. Six to 12 months, in specific cases: 24 months. The unemployed trainee receives a monthly scholarship equal to 120% of the unemployment benefit. The trainings are available for the unemployed and employed over 45 years of age.

Change in 2011: The funds for public employment services were significantly cut. Funding for vocational activation was reduced from PLN seven billion to PLN 3.2 billion.

Change in 2011: PLN five billion of the Labor Fund's resources were frozen, with the Ministry of Finance taking control of the fund to reduce the country's budget deficit.

Change in 2012: Part of the Labor Fund was unfrozen (PLN 500 million) with the aim of fighting unemployment at the *poviat* (county) level.

Changes in 2014: Employment Office reform: introduction of 'profiling' of the unemployed: the first group is to include the active unemployed who do not need any specialized help and only need the access to job offers. The second group will encompass the unemployed requiring support, who will e.g. participate in training or internship programmes. The third group will include the unemployed who are not integrated in the labor market, i.e. people in danger of social exclusion as well as those who, out of their own choice, are not interested in taking a job, or who work within the shadow economy.

Introduction of a grant for telework, an internship voucher, a settlement voucher to enable the unemployed person to leave their county, an activation benefit, a loan from the Labor Fund to create a job position or open one's own business, as well as training programmes organized under tripartite training agreements.

Establishing the National Training Fund to finance training programs for employees, funded by the Labor Fund. For the young unemployed (up to 30 years of age), the period during which an employment office is required to find a job, an internship or a qualification development offer is reduced from six to four months.

Employers hiring the unemployed up to 30 years old referred from an employment office are exempt from the obligation to pay contributions for the Labor Fund and the Guaranteed Employee Benefits Fund for a period of 12 months. They will also have the possibility of a refund of social security contributions and a subsidy for the remuneration of the unemployed hired by them. Similar privileges are offered to those hiring an unemployed person 50+.⁷⁹

Is any particular help given for starting with your own small business?

Those who start a new business pay preferential social security contributions (the contribution basis is 30% of the minimum wage). In 2014, the contribution basis is PLN 504 (the minimum wage is PLN 1,680). The minimum contribution amounts to PLN 155. The maximum relief period is 24 calendar months, calculated from the date of the commencement of the business.⁸⁰

1.3 Unionization and strikes

1.3.1 Unions and bargaining

Trade unions can be formed and joined by all employees and, sometimes, by other individuals (such as members of agricultural production co-operatives, people working under agency agreements, pensioners or the unemployed).

This right is not applicable to the workers who work on the basis of civil law contracts. Also judges, members of the National Broadcasting Council, the Ombudsman, the president of the Supreme Audit Institution and the president of the Polish National Bank are deprived of this right.

⁷⁹ Reforma Urzędów Pracy, <http://www.mpips.gov.pl/aktualnosci-wszystkie/art,5543,6474,2lata-reforma-urzedow-pracy.html>, 2014.07.31

⁸⁰ Składki i świadczenia, Social Security Institution, <http://www.zus.pl/seminariaprognozy/default.asp?p=1&id=35>, 2014.07.31

Military forces, workers of the Internal Security Agency, the Intelligence Agency, the Central Anticorruption Bureau and the Bureau of Government Protection are not allowed to join a trade union.

Is a right to unionization specified in the constitution?

Yes, Article 12 of the Polish Constitution – the freedom of creation and functioning of trade unions; Article 59 – the right to bargain, to conclude collective agreements, and to organize strikes and other forms of protest.

Are workers councils, committees or equivalent bodies mandated by law?

Yes, workers' councils – *rady zakładowe* – members of trade unions are mandated by law. Works councils – *rady pracownicze* (since 2006) – can be set up in all companies with 50 employees or more, other than state-owned companies with workers' councils. Their members are elected by the whole workforce (there is no need for a trade union).

Do employers have the legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers?

Yes, collective bargaining is mandatory according to the section eleven of the Labor Code of 26th June 1974.

1.3.2 Strikes

Employees working on the basis of an employment contract have the right to strike (this does not apply to employees working on the basis of civil law contracts). There are some exceptions: strike is prohibited in the Internal Security Agency, Intelligence Agency, Military Intelligence, Central Anticorruption Bureau, the national police and military services, the prison services, the national border guard and the national fire service. Similarly, officials employed in state authorities or government and local authorities, as well as the employees of courts and public prosecutors' offices are not entitled to call a strike.

Are wildcat strikes i.e. the ones not authorized by the labor union the assembly of workers, legal?

No.

Are there any time-limits to strikes, any differences across economic sectors?

The duration of a regular strike is not defined by the Polish law. A warning strike can last up to two hours. A solidarity strike could last half of a working day.

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., non-work-related issues, legal?

In Poland, there is the possibility to organize and participate in political protests.

Changes in 2012:

- prohibiting the organization of two or more assemblies in the same place and time, if it can lead to the violation of public order (upon the decision of local government);
- changing the deadline for reporting about an assembly to the local authorities – from ‘three days’ to ‘three working days’;
- introducing the obligation of the local authorities to delegate their representative to the assembly if the expected number of participants is greater than 500 or there is a danger of the violation of public order;
- amending the criminal law: if the moderator of the assembly does not perform his/her duties and does not prevent the violation of public order – he/she will be subjected to the penalty of a fine. A participant of the assembly who does not comply with the orders of the moderator will be also subjected to the penalty of a fine.⁸¹

⁸¹ Act of 14 September 2012 amending –the Act on Assemblies.

Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal?

Yes – they are legal in support of the workers who do not have the right to strike, but they can only last half of a working day.

Are employers allowed to dismiss or replace striking workers? If yes, under what conditions?

An employer can neither dismiss nor replace an employee during the strike.

Are lockouts allowed by law?

Lockouts are not regulated by the Polish law. It is assumed that they are illegal.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES (with the year of acceptance):

Constitution of the Republic of Poland 1997 (*Konstytucja Rzeczypospolitej Polskiej z 2 kwietnia 1997*) as amended.

The Labor Code of 26th June 1974 (*Ustawa z dnia 26 czerwca 1974 r. Kodeks pracy Dz.U. 1974 nr 24 poz. 141*) as amended.

Act of 20th April 2004 on employment promotion and labor market institutions (*Ustawa z dnia 20 kwietnia 2004 r. o promocji zatrudnienia i instytucjach rynku pracy, Dz.U. 2004 nr 99 poz. 1001*) as amended.

Act of 23rd May 1991 on Trade Unions (*Ustawa z dnia 23 maja 1991 r. o związkach zawodowych, Dz.U. 1991 nr 55 poz. 234*) as amended.

Act of 23rd May 1991 on on the settlement of collective labor disputes (*Ustawa z dnia 23 maja 1991 r. o rozwiązywaniu sporów zbiorowych, Dz.U. 1991 nr 55 poz. 236*) as amended.

Act of 10th October 2002 on the minimum remuneration for labor (*Ustawa z dnia 10 października 2002 r. o minimalnym wynagrodzeniu za pracę, Dz.U. 2002 nr 200 poz. 1679*) as amended.

Act of 1st August 2009 regarding easing of the effects of the financial crisis for employees and employers (*Ustawa z dnia 1 lipca 2009 r. o łagodzeniu skutków kryzysu ekonomicznego dla pracowników i przedsiębiorców, Dz.U. 2009 nr 125 poz. 1035*) as amended.

Act of 16th September 2011 on reduction of certain obligations of citizens and entrepreneurs, (*Ustawa z 16 września 2011 o redukcji niektórych obowiązków obywateli i przedsiębiorców, Dz.U. nr 232, poz. 1378*) as amended.

Act of 11th October 2013 on special solutions related to the protection of workplaces (*Ustawa z dnia 11 października 2013 r. o szczególnych rozwiązaniach związanych z ochroną miejsc pracy, Dz.U. 2013 poz. 1291*) as amended

Act of 12th July 2013 on the amendment to the Labor Code and the Act on Trade Unions (*Ustawa z dnia 12 lipca 2013 r. o zmianie ustawy – Kodeks pracy oraz ustawy o związkach zawodowych, Dz.U. 2013 poz. 896*) as amended.

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

In 2014 in Poland, all workers who are insured against sickness and pay contributions to the sickness fund are entitled to sickness benefits. The group of workers who are insured and pay mandatory contributions encompasses those working under open-ended and fixed-term contracts.

Workers under civil law contracts may be entitled to sickness benefits if they work under a contract of mandate (*umowa zlecenia*) and pay voluntary contribution, but they are not entitled to sickness benefits if they work under a contract for a specific task (*umowa o dzieło*). In Poland, neither students nor the family members of a worker have the right to sickness benefits unless they are insured.

Are there any differences across groups of residents/non-residents or public/private sector workers?

There are no differences between sickness benefits for public and private sector workers as well as residents and non-residents.

How long would the benefit be paid?

The remuneration for the period of illness is paid by the employer, with the employer's own funds, for 33 days of illness a year altogether (or for 15 days if the employee has reached 50 years of age).

The sickness allowance under the sickness or accident insurance – available for the period of illness – is paid for 182 days maximum (in case of tuberculosis – up to 270 days).

The rehabilitation benefit under the sickness or accident insurance is available for 12 months if a person has received the sickness allowance and is still ill, but owing to rehabilitation he/she may recover their working capability. It is available for 24 months maximum during rehabilitation.

The care allowance is paid to any insured person released from the obligation to continue working because of a need to personally provide care for a healthy child of up to eight years of age, a sick child of up to 14 years of age, or another sick family member. It is available for a maximum of 60 days per year.

2.1.2 Sickness benefits

How large is the benefit – relative to the average salary?

The remuneration – the salary replacement rate is 80%.

The sickness allowance may amount to as much as 80% of the salary and 70% of the salary for the period of hospitalization. Where the inability to work is caused by an accident at work or by an occupational disease, or where it falls during the period of employee's pregnancy, or if it is necessary to undergo a specific medical treatment, the sickness allowance due and payable will cover 100% of the calculation basis (including the period of hospitalization).

Change in 2011: Sickness benefits available to employees undergoing hospitalization (paid by social security) were made uniform, *putting an end to unequal treatment* of employees aged 50 years and more in that area.

Change in 2013: The rights of persons employed under different contracts were equalized. Under the current law, if the inability to work occurred before the premiums for the full month of insurance were paid, the sickness benefit is paid for the whole month. Before 2013, this applied only to persons employed under a contract of employment. Nowadays, the *right has been extended* to those who are working under a contract of mandate.

Change in 2014: Judges and public prosecutors, as well as uniformed services personnel (soldiers, policemen etc.), who were entitled to sickness benefits equal to 100% of their salary before, now receive 80% of the salary, just like other professional groups; hence, *their benefits decreased*.

The rehabilitation benefit under the sickness or accident insurance amounts to a maximum of 90% of the calculation basis during the first 90 days of its receipt, and 75% of the calculation basis for the remaining period. Where the inability to work is caused by an accident at work or an occupational disease, or where it falls during the period of employee's pregnancy, the amount of the benefit paid is equal to 100% of the calculation basis for the sickness allowance.

The care allowance is 80% of the salary.⁸²

If everyone does not get the equal amount, then describe the differences, particularly for residents and non-residents (also asylum seekers).

Not applicable.

⁸² The Regulation of 21st June 2013 amending the Act of 25 June 1999 on cash benefits under social insurance in the event of sickness or maternity.

2.1.3 Healthcare services

In principle, there is equal access to healthcare services financed from the public funds (Lach, 2011:16). The general health insurance system covers all categories of employees, including individual farmers, civil servants and others, beneficiaries of social security benefits, the unemployed, and students. Also, dependant family members are covered: spouse, children up to the age of 18 (26 for full-time students), parents living in the insured person's household (unless they are personally insured and therefore not dependent on the insured person). All social groups are practically covered by obligatory health insurance. There is no possibility to opt-out from the system. There are no specific, additional contributions in public health services.

People who are temporarily staying in Poland may receive healthcare benefits on equal terms with Polish citizens. During a temporary stay in Poland, any eligible person is entitled to health services in the following areas: primary healthcare, specialist out-patient care, hospital treatment, dental treatment, rescue and medical transport services.

There are no patient charges for medical treatment by general practitioners, specialists or in hospitals. Waiting times for healthcare services depend on the institution. Health services are provided immediately if there is a risk of death or a total or permanent inability to work. There is a catalogue of guaranteed benefits (*koszyk świadczeń gwarantowanych*), which is a list of unpaid benefits and services guaranteed by the public healthcare system.⁸³

Change in 2011: The possibility of voluntary transformation of public hospitals into corporate units (corporatization), which opened the door to *privatization of hospitals*. Privatization changed the situation of hospital managers rather than the situation of patients. However, as a result of cost-cutting, some healthcare institutions limit the amount of benefits and services they offer.

Change in 2012: The Reimbursement Act has led to changes in the prices of medicines.⁸⁴

⁸³ Koszyk świadczeń gwarantowanych, <http://www.mz.gov.pl/koszyk-swiadczen-gwarantowanych>, 2014.07.31.

⁸⁴ Act of 12 May 2011 on reimbursement of drugs, foodstuffs intended for particular nutritional purposes and medical devices.

2.2 Elderly care

2.2.1 Retirement age and eligibility (rights)

Until 2013, the statutory retirement age was 60 for women and 65 for men.

Change in 2013: Starting from 1st January 2013, the retirement age is being *increased and equalised*: for women born on or after 1st January 1953, for men born on or after 1st January 1948, by one month every quarter until reaching the retirement age of 67 years for men in 2020, and in the case of women in 2040. In June-July-August 2014, the actual retirement age for men is 65.5 years and for women it is 60.5 years.

Change in 2013: On 1st January 2013, the retirement age for uniformed services personnel (soldiers, policemen etc.) was *raised*. Now, the pension will be available for persons over 55 years of age with at least 25 years of service (prior to this date, after 15 years of service, without any age limit).

Farmers are covered by a different system, but their retirement age was also *raised*.

Judges and public prosecutors, who are covered by a different system, will also retire at the age of 67 years in the case of both men and women.⁸⁵

Reforms changing the pension system structure are discussed below.

Since 2008, there have been three major reforms concerning the pension system structure. The system introduced in 1999 consisted of three ‘pillars’, two of them mandatory:

1. The first pillar, managed by a public body – the Social Insurance Institution (*Zakład Ubezpieczeń Społecznych, ZUS*) – is an unfunded NDC scheme, financed on a pay as you go basis (mandatory).
2. The second pillar is a fully funded scheme of Open Pension Funds (*Otwarte Fundusze Emerytalne, OFEs*), managed by private investment companies, mandatory till 2014.

⁸⁵ The Act of 21st June 2013 amending the Act of 17th December 1998 on Old-Age and Disability Pensions from the Social Insurance Fund (*Ustawa o emeryturach i rentach z Funduszu Ubezpieczeń Społecznych*).

3. The third pillar is administered by private institutions. The affiliation with the third pillar is completely voluntary. The third pillar consists of: Occupational Pension Programmes, an Individual Retirement Account, an Individual Pension Security Account.

The statutory pension system is financed by the old-age pension contributions (the contribution rate is equal to 19.52% of gross salary), paid in equal shares by employees and employers. Since 1999, the contribution rate has been 12.22% for the first and 7.3% for the second pillar.

The reform of 1999 generated a gap in the Social Insurance Institution (ZUS) as part of the contributions was shifted away from the PAYG scheme. Almost all the pensions that are currently paid come from the old system. At first, the gap was filled with the revenues from privatization, but those revenues were insufficient. As a result, the gap had to be filled from the state budget, which led to the increase of public debt in Poland.

Change in 2009: Reduction of fees charged by Open Pension Funds.

Change in 2011: Reduction of the contribution to the funded ‘second pillar’ in order to lower the budget subsidies to the pension system and thus to lower public debt. The first reform introduced in 2011, changed the proportions: the contribution rate for OFEs was reduced to 2.3% from 7.3% (and thus the pay-as-you-go part increased to 17.22%).

Change in 2013: The Act of 6th December 2013 required Open Pension Funds (OFEs) to transfer 51.5% of their assets, primarily in treasury bonds and treasury bills (worth around PLN 127 billion), to the state’s Social Security Institution (ZUS).⁸⁶

⁸⁶ The Act of 6th December 2013 amending certain acts in connection with the determination of principles for old-age pension payments from funds collected in Open Pension Funds. It is estimated that the transfer will lead to a decrease of public debt in Poland from around 55% GDP to 47% GDP. From April 2014 the participation in OFEs is no longer obligatory; everyone can move their savings back to ZUS. The investment policy of OFEs is now liberalised and the benchmark is abolished. Moreover, Open Pension Funds will need to transfer the funds for those who have 10 years or less before retirement, a procedure called ‘safety zipper’ (estimated at PLN 4.4 bn in 2014). The national system will be responsible for pensions.

As a result of these reforms, Open Pension Funds will face a substantial drop in their assets as well as a decrease in the future inflow of funds. The magnitude of the latter will depend on the number of people staying in the private system. 30% staying in OFEs is for pension funds the most optimistic scenario, but probably the number

Is there an option for early retirement? If yes, under what conditions?

Some professions, persons working in difficult conditions (for example miners, teachers) and persons incapable of work (holding a certificate of incapacity for work issued by the Social Insurance Institution ZUS) have the right to retire before the statutory retirement age.

Change in 2009: Extensive early retirement possibilities were abolished and replaced in 2009 by ‘bridging pensions’, a temporary solution for some categories of workers. *The scope of entitled persons was significantly reduced.* As from 1st January 2009, the right to the bridging pension is acquired by an insured person who meets all of the following conditions: has completed a period of employment in special conditions or in special character of at least 15 years; has reached at least the age of 55 years (women) and 60 years (men); has completed the contributory and non-contributory period of at least 20 years for women and 25 years for men; has performed work in special conditions or in special character before 1st January 1999; has performed work in special conditions or in special character after 31st December 2008; the employment relationship was terminated.

Older persons (women born before 1954 and men born before 1949) retained their right to early retirement, provided that they had documented before 31st December 2008: a 30-year contributory and non-contributory period (women), a 35-year contributory and non-contributory period (men).

Change in 2012: The right to an *earlier, partial retirement pension was introduced again in 2012.* Such a retirement pension is calculated from the half of the accumulated ‘pension capital’ and is available for women from 62 and men from 65 years of age, provided they have accumulated 35 (women) or 40 (men) years of insurance. The amount of a partial pension is equal to 50% of the old-age pension calculated for persons of retirement age (see: formula in the next part). After reaching the statutory retirement age, the ‘normal’ retirement

will ultimately be lower. (in mid-July, it was about 5% of all the workers – the decision had to be made till 31st July ZUS czy OFE? Ostatnie dni na wybór, <http://serwisy.gazetaprawna.pl/emerytury-i-renty/artykuly/812852,zus-czy-ofe-ostatnie-dni-na-wybor.html>. 2014.07.31

pension will be granted, based on the ‘pension capital’ accumulated, with deduction of the part already ‘consumed’.⁸⁷

2.2.2 Retirement benefits

The amount of the old-age pension is an equivalent of the total amount of pension contributions after indexation collected after 31st December 1998 and the amount of the initial capital after indexation and the capital accumulated in the second pillar (if applicable) divided by the average life expectancy, expressed in months, for persons of retirement age.

The old age pension =

$$\frac{\text{collected and indexed contributions} + \text{initial capital} + \text{capital accumulated in the 2nd pillar}}{\text{Average life expectancy for persons of retirement age (in months)}}$$

In 2014, the average pension in Poland is PLN 1,987 (to compare: in April 2014, the minimum wage was PLN 1,680 and the average wage was PLN 398). As from 1st March 2014, the minimum guaranteed benefits are paid at a monthly rate of PLN 844.45.

Change in 2013: To receive the minimum pension, an adequate period of contribution is required – in 2014, it is 21 years for women and 25 years for men. By 2022, it will have been equalized to 25 years for both men and women (*amendment in 2013; prior to this date, it was 20 years for women*). If a person of retirement age has worked for at least 25 years and does not receive the minimum pension, the missing sum is funded from the state budget. The old-age pension under the new scheme depends on the amount of collected contributions after indexation and on the retirement age. Thus, its maximum amount is not limited.⁸⁸

Change in 2012 (one-time change): Pension payments are adjusted annually according to the consumer price index for pensioners’ households (or the general consumer price index, if it is

⁸⁷ The Act of 11th May 2012 amending the Act on Old-Age and Disability Pensions from the Social Insurance Fund and certain other acts.

⁸⁸ Wysokość emerytur w nowym systemie ubezpieczeń społecznych,. Urząd Komisji Nadzoru Finansowego, Warszawa, 2003, https://www.knf.gov.pl/Images/wysokosc_emerytur_w_nowym_systemie_emerytalnym_tcm75-4933.pdf, 2014.07.31

higher than the index for pensioners' households) increased by at least 20% of the real growth of average earnings in the previous year. On 1st March 2012, all current pensions were increased by a lump-sum of PLN 71 PLN.⁸⁹

The following professions are covered by different systems: uniformed services personnel (soldiers, policemen etc.) are funded by the state budget (they don't pay contributions). The maximum pension is 75% of the last salary. In 2013, the average pension (the last available data) was PLN 3,119.80.

Change in 2013: Since the reform in 2013, pensions have been calculated on the basis of the average salary from 10 selected years (before it was from the last salary). Judges and public prosecutors are funded by the state budget (without paying contributions). The average pension is PLN 5,500-6,000 (100% of the last salary). The contributions paid by farmers are smaller than the ones in the general system. The monthly pension contribution is equal to 10% of the basic old-age pension (in 2014, PLN 84). All pensioners entitled to the full benefit receive PLN 844.45 (it is equal to the minimum pension in the general system). As contributions are insufficient, more than 80% of the farmers' pensions are funded by the state.⁹⁰

2.2.3 Elderly care services

Elderly care, especially long-term-care, is very fragmented in Poland. It is not a separate part of social protection. What plays the major role here is informal care, which is provided by family members at home (Koziarkiewicz, Szczerbińska, 2007). However, in Poland there are both cash benefits and in-kind benefits. Nursing supplement is payable to a person entitled to an old-age or disability pension on the basis of a certificate of the Social Insurance Institution (ZUS), certifying complete inability to work accompanied by inability to live independently.

⁸⁹ This one-time change in the indexation rules was explained by the government with the objective to strengthen protection of pensioners with lower income. In 2013, the indexation rate was 104%, and in 2014 – 101.6% (the lowest rate since 2002), Source: Waloryzacja emerytur i rent, <http://www.zus.pl/default.asp?p=4&id=396>, 2014.07.31

⁹⁰ Waloryzacja emerytur i rent rolnych od 1 marca 2014 r., <http://www.krus.gov.pl/komunikaty/dokument/arttykul/waloryzacja-emerytur-i-rent-rolnych-od-1-marca-2014-r/>, 2014.07.31

The nursing supplement – under general rules – is also payable to persons entitled to a bridging pension. All persons who have reached the age of 75 years are also awarded the nursing supplement. In 2004, it is PLN 206.76.

Benefits in kind:

Residential Care:

Social Assistance House: Houses with assistance 24 hours per day (public), mainly for the elderly with disabilities and/or in a difficult social situation (a lack of resources or shortened resources for living and a lack of support). Medical referral is needed for a placement. Prescribed medicines are partly refunded by the National Health Fund (NFZ). Patients living in Social Assistance Houses cover the cost of living in the place up to 70% of their net income (pension) but not more than the real cost of living in the particular place. The rest of the cost must be covered by the family, provided that the average income in the family per person is higher than 250% of the income point from which a person is eligible for social assistance (in 2014 PLN 456). In other cases, it is municipality that participates in covering the costs of living of a patient in the social assistance house in the form of a payment up to the real cost of living in a particular house. In special cases, the patient can be exempted from paying for the stay in a Social Assistance House.

There are also Private Social Assistance Houses with commercial prices. The cost depends on the health condition of the patient, different additional activities which are provided in the facility as well as other characteristics of the facility.

There are also public: Care and treatment facilities, Nursing and care facilities, Geriatric hospitals/units as well as palliative facilities.

Semi-residential care: Day centers, Support centers

Home Care:

Care services in the place of living: home-visits of a nurse, usually ranging from every-day visits to visits once a week, depending on the needs of the elderly person. Various services,

including basic medical services, basic shopping, cleaning, cooking, personal hygiene, dealing with official matters as well as laundry changing, accessibility, quality and scope depending on the municipality/rural commune.

Long-term nursing care in the home-based environment: patients who stay at home and who require systematic nursing services due to existing health problems are eligible for this type of care. In such cases, long-term care is provided in the home-based environment as long-term nursing care at the patient's home.

2.3 Care of disabled people

2.3.1 Disability pension and care

The following benefits are paid out by disability insurance: disability pension due to inability to work; training pension; survivors' pension. The right to the disability pension due to inability to work is granted to people deemed partly or totally unable to hold any gainful employment because of the state of their health. The worker is entitled to disability pension due to inability to work if he/she: is unable to work – this is certified by a doctor from the Social Security Institution; has completed the required period for coverage (contributory and non-contributory – from one to four years for persons aged less than 30 years and five years for people who are older); the inability to work arose during periods specifically set out in the law, e.g. during the period of insurance, employment, receipt of unemployment benefits, receipt of social insurance allowances (sickness or care allowances), or not later than 18 months after the end of these periods.

Workers under civil law contracts are entitled to a pension due to inability to work if they work under a contract of mandate (*umowa zlecenia*) and pay mandatory contributions, but they are not entitled to a pension if they work under a contract for a specific task (*umowa o dzieło*).

The right to the training pension is granted to people who meet the eligibility requirements for the disability pension and who have received an official statement that a change of professional qualifications is appropriate since they are unable to continue work in their

current occupation. The training pension is granted for a period of six months, which may be reduced or extended (to a maximum of 30 months).

In Poland, there is also a flat rate, non-means-tested universal benefit called ‘social pension’, which is payable to an adult who is incapable to work due to an impairment of body functions which occurred: before reaching the age of 18 years, or in the course of education in a school or a tertiary level school, before reaching the age of 25 years, or in the course of doctoral studies or scientific postgraduate studies.

Change in 2012: The disability pension contribution to be paid by the employer was increased from 4.5% to 6.5%.

Change in 2014: Prior to this date, only a person who was residing in Poland was entitled to social pension. *The right has been extended* – a social pensioner can now reside in any EU country.⁹¹

2.3.2 Benefits

How large is the disability pension? Give absolute average measure and relative to the prior salary (if applicable).

In the case of complete incapacity for work, disability pension amounts to: 24% of the base amount;⁹² 1.3% of the assessment basis for each contributory year; 0.7% of the assessment basis for each non-contributory year; 0.7% of the assessment basis for each year remaining until completion of 25 years of work.

The pension for a person who is partially incapable of work is payable at a rate of 75% of the pension for a person completely incapable of work. The minimum disability pension in the

⁹¹ The Act of 12th December 2013 on Foreigners (*Ustawa z dnia 12 grudnia 2013 r. o cudzoziemcach*, Dz.U. 2003 nr 135 poz. 1268).

⁹² 100% of the average salary without social security contributions. The base amount is fixed every year in March. Since 1 March 2014, it has been PLN 3191.93. Source: <http://www.zus.pl/default.asp?p=4&id=3383>, 2014.07.31.

case of total inability to work is PLN 844.45; in the case of partial inability to work it is PLN 648.13.

Social Pension is PLN 709.34 (the same amount for every person entitled). The person entitled to a pension who has been recognised as completely incapable of work and of independent existence is granted the nursing supplement (the same for persons aged 75 years and more) – in 2014, PLN 206.76.

LIST OF REGULATIONS:

Act of 13th October 1998 on the social insurance system (*Ustawa o systemie ubezpieczeń społecznych*, Dz.U. 1998 nr 137 poz. 887) as amended.

Act of 17th December 1998 on Old-Age and Disability Pensions from the Social Insurance Fund (*Ustawa o emeryturach i rentach z Funduszu Ubezpieczeń Społecznych*, Dz.U. 1998 nr 162 poz. 1118) as amended.

Act of 21st November 2008 on funded old-age pensions (*Ustawa o emeryturach kapitałowych*, Dz.U. 2008 nr 228 poz. 1507) as amended.

Act of 19th December 2008 on bridging old-age pensions (*Ustawa o emeryturach pomostowych*, Dz.U. 2008 nr 237 poz. 1656) as amended.

Act of 12 March 2004 on Social Assistance (*Ustawa o pomocy społecznej*, Dz.U. 2004 Nr 64 poz. 593) as amended.

Act of 27th August 2004 on Healthcare Services financed from Public Means (*Ustawa o świadczeniach opieki zdrowotnej finansowanych ze środków publicznych*, Dz.U. 2004 nr 210 poz. 2135) as amended.

Act of 20th December 1990 on social insurance of farmers (*Ustawa o ubezpieczeniu społecznym rolników*, Dz.U. 1991 nr 7 poz. 24) as amended.

Act of 6th December 2013 on amendments to certain acts in connection with determination of principles for old-age pensions payments from funds collected in open pension funds (*Ustawa z dnia 6 grudnia 2013 r. o zmianie niektórych ustaw w związku z określeniem zasad wypłaty emerytur ze środków zgromadzonych w otwartych funduszach emerytalnych*, Dz.U. 2013 poz. 1717) as amended.

Act of 27th June 2003 on social pension (*Ustawa o rencie socjalnej*, Dz.U. 2003 nr 135 poz. 1268) as amended.

Act of 11th May 2012 amending the Act on Old Age and Disability Pensions from the Social Insurance Fund and certain other acts (*Ustawa z dnia 11 maja 2012 r. o zmianie ustawy o emeryturach i rentach z Funduszu Ubezpieczeń Społecznych oraz niektórych innych ustaw, Dz.U. 2012 poz. 637*) as amended.

2.3.3 Services

Is there a public care (residential house, home assistance) for disabled people?

The same as in the case of the elderly.

2.4 Poverty measures

2.4.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for the poor (such as heating, electricity, and food allowances)? Please list only means-tested measures according to the following schema: the name of the instrument; who is eligible; what exactly is the person entitled to (e.g. financial aid, a service based on caseworker's discretion).

Table 1: A list of anti-poverty means-tested measures in Poland (it does not include means-tested family policy instruments)

	Name of the instrument	Who is entitled/eligible	Content of the instrument
1	Permanent allowance	Entitled ⁹³ : a person aged at least 18 years, entirely incapable of work, if income	Financial support equal to the difference between the income of a person/household and the threshold

⁹³ On the contrary to other social assistance measures, where caseworker's discretion applies, the municipality/rural commune (*gmina*) is obliged to provide the permanent allowance if the criteria are fulfilled (Sierpowska 2007: 159).

		of the household per person is below the social assistance threshold.*	(however, not less than PLN 30 and not more than PLN 418). Allowance changes: see the table below).
2	Temporary allowance	Persons who are “particularly eligible” for temporary allowance are those with a long-term illness or disability, the unemployed, and people capable to maintain other kind of social security transfers thanks to this allowance, if their income is below the social assistance threshold.	Financial support: the maximum amount equal to the difference between the income of a person/household and the threshold; The minimum amount: 50% of the difference between the income of a person/household and the threshold but not less than PLN 20. (In the case of most of the local administrative units in Poland TA it equal to 50%, which means the amount does not exceed PLN 209 per month).
3	Purposeful allowance	A person whose essential existence needs are endangered or a person/family that has suffered loss due to unforeseeable circumstances. It may be granted to persons on a social contract (activation scheme).	Financial aid based on caseworker’s discretion: in most cases paying the costs (no cash handed) of food, medicines, health services, coal, clothing, basic household products, house repairs, public transport tickets, funeral.
4	Allowance and a loan to become economically independent, assistance to	A person aged 18 if she/he has been raised in a foster family or in an institution.	Purposeful allowance, a loan or a lease of machines according to the agreement signed with municipality/rural community. The principles of the agreements are at

	become independent and to continue education		the discretion of the local council.
5	Sheltering services	A homeless person/family.	A place in a homeless hostel, shelter, night shelter – offered according to municipality/rural commune infrastructure and caseworker’s discretion.
6	Clothing services	A person or a family in need of basic clothing services.	Clothing and shoes appropriate to weather conditions offered by social assistance centers.
7	Food services	A person who cannot fulfil her/his need of having one hot meal a day – the income eligibility threshold is equal to 150% of the regular threshold (exemptions: see table 2).	To adults: one hot meal offered in eating places run by municipality/rural communes. To children: meals at school financed by social assistance.
8	Housing subsidy	A person/family living in a rented or own house/flat if the income per person within 3 months does not exceed 175% of the lowest pension in a single-person household and 125% in a household with 2 or more persons and if the limit of square meters per person is not exceeded (i.e. ca 45 m ² for a single-person household).	Housing subsidy is equal to 10-15% of person’s/household’s income minus factual person’s/household’s expenditures on housing (renting fee, water, etc. except for gas and electricity).

Changes in the level of permanent allowance: Since 2012: the maximum level has been PLN 529 (2006-2012: PLN 444).

Changes in the social assistance eligibility threshold: Since 2005, the threshold per month has been gradually (but only slightly) risen. In 2014: PLN 542 for a single person and PLN 456 per person in a household with more than one person. In the years 2005-2014, three decrees setting the social assistance threshold were adopted: in 2005, 2009, and 2012. The income threshold per one person in a household is, respectively: PLN 316, PLN 477, PLN 477, PLN 542. Note: Despite obligatory adjustments of the eligibility threshold and permanent allowance quotas every three years, they were not increased between 2006 and 2012⁹⁴ (2006-2012: *decrease in the real value of benefits and greater conditionality, since 2012: slight increase/prices adjustment*). Source: Decree of the Council of Ministers from 17.07.2012 on the revised income criteria and the amounts of social assistance allowances. Since 2007: A change in the recipient's income which does not exceed 10% of the income criterion does not influence the amount of allowance.

Changes in the method of income calculation in 2010: When calculating the income of a person or family for the purpose of social assistance eligibility testing, one-time social benefit, purposeful allowance, in-kind support, as well as income received within some activation measures are not taken into account (*broader eligibility*).

Changes in the means-testing procedure: Stricter regulations on the 'family local enquiry' (*rodzinny wywiad środowiskowy*): Since 2013: a person or a family that does not agree to the family local enquiry will be deprived of financial social assistance (*more exclusive rights / rise in control*).

⁹⁴ Which made the social-assistance eligibility threshold lagging below the absolute poverty rate (Broda-Wysocki 2011:185).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES (with the date of acceptance):

Law on social assistance from 12th March 2004 [*Ustawa z 12.03.2004 r. o pomocy społecznej (Dz.U. 2004 Nr 64 poz. 593)*] with further changes.

Law on housing subsidies from 21.06.2001 [*Ustawa z 21.06.2001 r. o dodatkach mieszkaniowych*] with further changes.

Decree of the Minister of Work and Social Policy from 3rd August 2012 on support to become economically independent, to continue education and to settle in [*Rozporządzenie Ministra Pracy i Polityki Społecznej z dnia 3.08.2012 w sprawie udzielania pomocy na usamodzielnienie, kontynuowanie nauki oraz zagospodarowanie*].

Decree of the Council of Ministers from 17th September 2012 on the revised income criteria and the amounts of social assistance allowances [*Rozporządzenie Rady Ministrów z dnia 17.07.2012 w sprawie zweryfikowanych kryteriów dochodowych oraz kwot świadczeń z pomocy społecznej*], as well as the former versions of the decree.

Decree of the Minister of Work and Social Policy from 8th June 2012 on the family local enquiry [*Rozporządzenie Ministra Pracy i Polityki Społecznej z dnia 8 czerwca 2012 w sprawie rodzinnego wywiadu środowiskowego*].

Comments:

Other means-tested measures with anti-poverty goals: governmental food-aid program, in-kind support for school children, family benefits – described in other parts of the report.

2.4.2 Benefits and services

What anti-poverty measures are there and what is their extent? Give amounts in absolute numbers and in relation to the average salary (if applicable). List also non-financial benefits such as housing services for the homeless, supplementary feeding etc.

Table 2: A list of non-means-tested anti-poverty measures in Poland

	Name of the instrument	Who is entitled/eligible	Content of the instrument
1.	Social work	Persons, families, local communities.	Techniques and methods specific to social work. It may take the form of a social contract.
2.	Specialist advisory services	Persons and families experiencing difficult situations.	Legal advisory services (esp. regarding family law, social protection rights, tenants' rights), psychological and family consultancy and therapy.
3.	Purposeful allowance	A person/family that has suffered loss due to unforeseeable circumstances. It may be granted to persons on a social contract (activation scheme). It may or may not be means-tested* (upon caseworker's discretion).	Financial aid based on caseworker's discretion: in most cases paying the costs (no cash handed) of food, medicines, health services, coal, clothing, basic household products, house repairs, public transport tickets, funeral, paid no longer than two months. Specific conditions may apply such as the need to give back the received amount after a certain period.
4.	Extraordinary purposeful allowance	'In exceptional and duly justified cases''' (case selection based on caseworker's discretion)	One-time financial aid. Its amount cannot exceed the income threshold criterion.
5.	Food services	School children upon request/upon the initiative of the (pre)school headmaster, in 'exceptional and duly justified cases' means-testing may be	Meals at (pre)school.

		omitted.	
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LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES (with the date of adoption):

Law on social assistance from 12th March 2004 [*Ustawa z 12.03.2004 r. o pomocy społecznej, Dz.U. 2004 Nr 64 poz. 593*], as amended.

Resolution of the Council of Ministers from 17th December 2013 setting a long-term programme subsidising local communities with respect to supplementary feeding ‘supplementary feeding programme’ for the period 2014-2020 [*Uchwała Rady Ministrów w sprawie ustanowienia wieloletniego programu wspierania finansowego gmin w zakresie dożywiania „Pomoc państwa w zakresie dożywiania” na lata 2014-2020*] and its previous versions (law from 29th December 2005, as amended).

Comments:

Instruments three to five *are not really ‘non-means-tested’ – the universality principle does not apply in these cases*. Rather, they may be granted despite the fact that the income criterion is (probably) exceeded. The same applies to specific anti-poverty, activation and social integration measures, such as an individual ‘social employment program’. Other non means-tested measures with anti-poverty goals: social pension (for disabled children) and various social services described in other parts of the report.

3. Taxation and housing policies

3.1 Taxation

3.1.1 Consumer taxation

In 2004, the Value Added Tax in Poland was reformed so as to correspond to the EU VAT regulations. Since then, the basic tax rate has been changed only once (in 2011, the VAT rate

was increased from 22% to 23%). In the period 2005-2014, many minor changes (36 amendments to the VAT law) were introduced, mostly considering reduced VAT rates. As mentioned above, since 2011, the basic VAT rate has been set at 23%, but there are several reduced rates for certain groups of goods and services: 8% for services included in the social program of housing support (*społeczny program mieszkaniowy*), such as: delivery, building construction, home repairs/modernization; as well as hygienic products (such as diapers), hairdresser services, bicycle repair, shoe repair, some veterinary services, and fertilizers; 5% (introduced in 2011) for basic food products, printed books, e-books, specialized magazines; 0% for the intra-Community (EU) delivery/supply/export of goods and also some touristic services and international transport; 4% (temporarily) for those personal taxi service providers who have chosen flat-rate taxation (*ryczałt*).

In January 2014, an important reform was introduced. According to the new law, the tax point no longer arises on the date when an invoice is issued but upon the delivery of goods or services. In April 2014, a change was introduced to the rules of VAT deduction on the purchase and running costs of vehicles. Since then, the amount of VAT eligible for deduction on the purchase has dropped from 60% to 50% (however, the upper limit of PLN 6,000 has been eliminated) and the amount deducted on the running costs has dropped from 100% to 50%.

The VAT for: energy (electricity), gasoline and diesel, as well as oil used for heating is 23%.

3.1.2 Income tax and exceptions

There is a progressive Personal Income Tax system in Poland with rates of: 18% and 32%.⁹⁵ The latter applies to income above the threshold of PLN 85,528 per year. There is a tax-free amount (exemption) of PLN 3,091 per year (the same amount since 2009), which, in effect, reduces the tax by PLN 556.02.

In 2005, there were four different PIT rates: 19% for income up to PLN 37,024 per year, 30% for additional income up to PLN 74,048 per year, 40% for further additional income up to PLN 600,000 per year, and 50% for any further additional income over that amount (PLN

⁹⁵ In 2012, only 2,31% of taxpayers qualified for the second (higher) tax rate (Source: <http://www.finanse.mf.gov.pl/documents/766655/4733447/Informacja>)

600,000). In 2005, the tax-free amount (exemption) was PLN 2,789 per year. As a result of a major reform introduced in 2009, the number of PIT tax rates was reduced to just two (see above).

There are several deductions from: a) income (before taxation), b) revenue (before taxation) and c) tax; all these, in consequence, reduce the lump sum of the tax paid:

Income deductions before taxation, i.e.: expenses related to the rehabilitation of the disabled (income threshold: PLN 9,120 per year), i.e.: home care for the disabled, modernization of houses and cars for the disabled, rehabilitation; some types of donations (for religious or public benefit organizations) – no more than 6% of income; expenses for the Internet (up to PLN 760 per year; since 2014 – no more than for two subsequent years of Internet use); interest on some types of housing loans taken between 2002-2006; savings on the individual pension account (IKZE) – up to 1.2% of the average salary in the national economy; expenditure on new technologies; Revenue deductions before taxation: similar as the ones for income (see above);

Tax reductions: 1) non-refundable child tax credit (see: family policies); 2) some categories of incomes obtained in foreign countries; 3) health insurance contributions.

Apart from the basic tax rates/rules, there is also:

- a tax rate of 19% that can be chosen by a tax-payer for non-agricultural economic activity or special sections of agricultural economic activity;
- a tax rate of 19% for capital incomes;
- a tax rate of 19% for real estate sale;
- flat rate taxation for: income from freelance activities (20%); some services related to the delivery of non-material goods, such as brokering, hotel services, car rentals (17%).

The results of all the changes in the tax-benefit system in Poland in the period 2005-2007 are that on average, the disposable incomes of all the households, regardless of the income decile, rose by 3-5%, and the higher the income decile, the lower the increase. If we take into consideration the average changes for different types of families/households, the disposable

incomes decreased only in the case of pensioners' households (both couples and singles), but by no more than 0.5%.

The results of all the changes in the tax-benefit system in Poland in the period 2008-2011: On average, the disposable incomes of all the households in the second to sixth income decile group decreased slightly (by 0.1-0.8%).

A slight increase could have been observed in the first decile group. However, the highest increases were experienced by the most affluent households. The disposable incomes of the household in the ninth income decile rose by 8%.

If we take into consideration the average changes for different types of families/households, the disposable incomes decreased only in the case of lonely parents' households, but by no more than 0,7%.⁹⁶

3.1.3 Inheritance tax

There are three groups of individuals, treated differently in the inheritance tax system, depending on their relationship with the deceased:

- I. Spouses, descendants, ascendants, stepchildren, sons-in-law, daughters-in-law, siblings, stepfathers, stepmothers and parents-in-law;
- II. Descendants of siblings, siblings of parents, descendants and spouses of stepchildren, spouses of siblings and siblings of spouses, spouses of siblings of spouses, spouses of other descendants;
- III. All the others.

The inheritance tax is:

⁹⁶

http://www.cenea.org.pl/images/stories/pdf/Microsimulation_Reports/CenEA_RaportPrzedwyborczy_MR0111.pdf

- For the first group: 3% up to PLN 10,278, 5% for the amount over PLN 10,278 and up to PLN 20,556, 7% for the amount over PLN 20,556.
- For the second group: 7% up to PLN 10 278, 9% for the amount over PLN 10,278 and up to PLN 20,556, 12% for the amount over PLN 20,556.
- For the third group: 12% up to PLN 10,278, 16% for the amount over PLN 10,278 and up to PLN 20,556, 20% for the amount over PLN 20,556.

There are exemptions (tax-free amounts) from the inheritance tax: for the first group, PLN 9,637. For the second group, PLN 7,276. For the third group, PLN 4,902.

Since 2008, the closest relatives from group one, that is: spouses, descendants, ascendants, stepchildren, siblings, stepfathers and stepmothers, are tax-exempt if they register their inheritance (or donations from these relatives) at the local tax authority (*naczelnik urzędu skarbowego*) within six months from the acquisition of the inheritance.

Since 2007, also donations from relatives from group one that support the acquisition of dwellings/housing (up to PLN 9,637 from one relative, and up to PLN 19,274 from different relatives during the last 5 years) as well as contribution to the housing cooperative (*wkład do spółdzielni mieszkaniowej*) from relatives from group I and II are exempted from the tax.

Real estate tax

The real estate tax in Poland is part of the local tax system. The tax rates are fixed locally by municipal councils (*Rada Gminy*) but they cannot be higher than the amount set by the Ministry of Finance. The highest amount for residential real estates (that are not used for economic activity) is PLN 0.74 for each square metre of surface/area (2014). This amount has risen from PLN 0.56 in 2005 gradually year by year.

There are several exemptions from the real estate tax; however, they do not refer to residential real estates but to: monuments, fishing or forestry real estates, some education, research and development related real estates, religious real estates and public roads. Municipal councils may exempt other real estate groups from the tax.

3.2 Rights related to mortgage loans and unpaid rent

According to the national law on tenants' rights and local public housing (2001), the owner of the premise may terminate the contract if the tenant: a) despite a written warning continues to use the premises in a manner inconsistent with the contract, is causing damage to the premise or seriously violates the principles of social coexistence in the residential building; b) is unable to meet his/hers payment commitments for at least 3 payment periods despite a written warning on the intention to terminate the contract by the owner and provision of an additional payment period to meet the commitments; c) sublet the premise without owner's permission to other users; d) uses a premise that must be emptied due to demolition or repairs (in such a case the tenant has the right for a replacement premise – *lokal zamienny*). In the case of a premise for which the rent is lower than 3% of the replacement value of the premise (in a year period), the owner may terminate the contract: a) if the tenant does not use the premise for over 12 months (declaration no later than 6 months before the termination of the contract); b) if the tenant has the right to another premise that meets the criteria for a replacement premise; c) if the owner intends to live in his/her premise (declaration no later than three years before the termination of the contract).

Social housing

According to the national law on tenants' rights and local public housing (2001), local authorities (*gmina*) are responsible for the provision of social housing to people who are not able to afford to rent a dwelling on the market (usually evicted families). Social housing is defined by the law as a dwelling that is habitable (it meets the minimum technical and sanitary criteria), with an area of at least five m² for each habitant (10 m² for single-person dwellings). However, such dwellings may be of a reduced standard. In eviction cases, the court decides whether the evicted person/family has a right to a social dwelling, taking into consideration the previous way in which this person/family took use of the dwellings in which they lived in and the financial and family situation of the evicted. The court cannot deny the right for a social dwelling to: pregnant women, disabled children (<18 years old), seriously ill, pensioners, the unemployed (registered) and other categories of people, as defined by municipal councils. If local authorities do not provide social housing for people who – by a

court judgment – have the right to such a dwelling, they can claim damages from local authorities in court. The agreement concerning a social dwelling is always concluded for a limited period of time. It may be prolonged if the financial and family situation of the tenant justifies it. The rent rate for a social dwelling may not exceed half of the lowest rent rate in the local area (*gmina*).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT TAX & HOUSING POLICIES (with the date of adoption):

Act of 28th July 1983 on inheritance and donation (*Ustawa z dnia 28 lipca 1983 r. o podatku od spadków i darowizn Dz.U. 1983 Nr 45 poz. 207*) as amended.

Act 26th July 1991 on Personal Income Tax Act (*Ustawa z dnia 26 lipca 1991 r. o podatku dochodowym od osób fizycznych Dz.U. 1991 nr 80 poz. 35*) as amended.

Act of 12th January 1991 on Local Taxes and Charges (*Ustawa z dnia 12 stycznia 1991 r. o podatkach i opłatach lokalnych*) as amended.

Statement of the Minister of Finance of 14th November 2013 on maximum taxes and local charges (*Obwieszczenie Ministra Finansów z dnia 14 listopada 2013 roku w sprawie górnych granic stawek kwotowych podatków i opłat lokalnych w 2014 roku., Monitor Polski 2013, poz 72*).

Act of 11 March 2004 on the goods and services (*Ustawa z dnia 11 marca 2004 r. o podatku od towarów i usług Dz.U. 2004 nr 54 poz. 53*) as amended.

Act of 21 June 2001 on the protection of tenant's rights, communal housing stock and the Civil Code amendments (*Ustawa z dnia 21 czerwca 2001 o ochronie praw lokatorów, mieszkaniowym zasobie gminy i o zmianie Kodeksu cywilnego, Dz.U. 2001 Nr 71 poz 733*) as amended.

Regulation of the Minister of Finance of 23rd December 2013 on goods and services for which tax rates on goods and services are reduced and on conditions of application of reduced tax rates (*Rozporządzenie Ministra Finansów z dnia 23 grudnia 2013 r. w sprawie towarów i usług, dla których obniża się stawkę podatku od towarów i usług oraz warunków stosowania stawek obniżonych, Dz. U. 2013 poz. 171*).

4. Family policies and costs of education

4.1 Maternity/parental leave

2014: There are four different leaves available for mother, father or both parents: paid maternity leave of 20 weeks (plus the possibility of extending it by up to six weeks – additional maternity leave), paid paternal leave of zero to 26 weeks (depending on parents' choice over maternity leave), paid paternity leave of two weeks and unpaid parental leave of 36 months. 2013: Paid parental leave was introduced. 2013: Additional maternity leave was extended by 2 weeks. 2012: Additional maternity leave was extended by two weeks, paternity leave was extended by two weeks. 2010: Additional maternity leave (two weeks) and paternity leave (one week) were introduced (two weeks). 2009: Extension of maternity leave up to 20 weeks. 2007: Extension of maternity leave up to 18 weeks (2002-2006: 16 weeks).

For maternity leave (*urlop macierzyński*) and paid parental leave (*urlop rodzicielski*) (responsibility of the Ministry of Labor and Social Policy), please see below.

Length

Between 26 and 52 weeks, depending on the payment level (see 'payment and funding' below). Up to two weeks can be used before the expected date of birth. It is obligatory for the mother to take 14 weeks off. The mother may resign from the rest of maternity leave (six weeks) if it is taken by the father. The first 20 weeks are referred to as 'maternity leave' (*urlop macierzyński*) and the next six weeks as 'additional maternity leave' (*dodatkowy macierzyński*).

If the 52 weeks option is used, the second period of 26 weeks is referred to as 'parental leave' (*urlop rodzicielski*)⁹⁷. Eight-week leave is given in the case of the death of a baby (no later than in the 49th day after childbirth; in other cases – 7 days).

⁹⁷ Despite being referred to officially as 'parental leave', the second 26 weeks of the leave are usually called 'maternity leave', both throughout this report and in the comparative tables, since it is not equally available to mothers and fathers, but constitutes an entitlement for women that they may transfer in part to fathers.

Payment and funding

Twenty-six weeks paid at 100 per cent of the average earnings for the last 12 months before the birth of the child or 52 weeks paid at 80 per cent, with no maximum amount of the payments.

It is funded from the Social Insurance Fund, financed by the contributions made by employees and self-employed workers (but not employers⁹⁸), with some additional financing from the state to cover pension contributions.

Eligibility (e.g. related to employment and family circumstances)

Insured employees, including all employees and self-employed women who are covered by the social security insurance at the beginning of the leave.

Variations in the leave due to child-related or family-related reasons (e.g. multiple or premature births; poor health or disability of the child or the mother; lone parent); or delegation of the leave to a person other than the mother:

In the case of multiple births, the ‘maternity leave’ part, which is 26 weeks for one birth, is extended to 37 weeks for twins, 39 weeks for triplets, 41 weeks for quadruplets and 43 weeks for quintuplets. Six weeks of this supplementary leave for multiple births are referred to as ‘additional maternity leave’. The length of the ‘parental leave’ part, that is the second 26 weeks, is not extended in the case of multiple births.

The length of the leave (before and after birth):

Flexibility in use

The non-obligatory part of maternity leave and the paid ‘parental leave’ (*urlop rodielski*) part can be combined with part-time working (maximum on a half-time basis), with payment proportional to the working time.

⁹⁸ The employees pay 2.45% of their salary, the self-employed pay a minimum PLN 55.07 (€16) per month.

The mother has to decide what leave to take (26 or 52 weeks) two weeks before the beginning of the leave. If the mother decides for 26 weeks, she can change to the 52 week option at the end of this period, in which case she is paid 100 per cent of the average earnings for the first 26 weeks and 60 per cent for the second 26 weeks. The second 26 weeks period can be taken as one continuous period of leave or as several periods, each of them of at least eight weeks.⁹⁹ After the obligatory period of 14 weeks of maternity leave, the remaining entitlement can be transferred to the father.

b. Paternity leave (*urlop ojcowski*) (responsibility of the Ministry of Labor and Social Policy¹⁰⁰)

The length of the leave

Two weeks.

Payment and funding

It is paid at 100 per cent of the average earnings for the last 12 months before the birth of the child, with no maximum amount of the payments.

Eligibility

Insured employees, including all employees and self-employed men who are covered by the social security insurance at the beginning of the leave.

Flexibility in use

It can be taken any time during 12 months after the birth of a child.

⁹⁹ Eight weeks of the leave must be taken directly one after the other. Two weeks before the end of the declared period of the leave an employee may ask for the next part of the leave (which must not be shorter than eight weeks).

¹⁰⁰ In 2010, only 6% eligible fathers used paternity leave. However, this percentage is growing rapidly. According to the Ministry of Labor and Social Policy, between January and April 2014, more fathers took the leave than in the whole of 2013.

c. Parental leave (*urlop wychowawczy* – literally ‘childcare leave’) (responsibility of the Ministry of Labor and Social Policy)

The length of the leave

Thirty-six months after the end of the maternity leave until the child is five years old; 34 months is a family entitlement, with one month as an individual entitlement for the mother and another month for the father.

Payment

A parental allowance supplement (*Dodatek z tytułu opieki nad dzieckiem w okresie korzystania z urlopu wychowawczego*) is paid to parents taking leave as a supplement to the family benefit. A sum of PLN 400 (€93¹⁰¹) per month is paid if the monthly household income per capita does not exceed PLN 539 (€125), to be increased to PLN 574 (€133) from November 2014. The basic payment is for 24 months, but the period can be extended to 36 months where there is more than one child or to 72 months if the child is disabled.

Eligibility (e.g. related to employment or family circumstances)

Employees who have worked for at least six months.

Variations in the leave due to child-related or family-related reasons (e.g. multiple or premature births; poor health or disability of the child or the mother; lone parent); or delegation of the leave to a person other than the parents.

The leave may be extended for another 36 months if the child is disabled or chronically ill and requires care, but can be taken no later than at the child’s eighteenth birthday. A payment of PLN 400 (€93) per month is made in these cases and the payment period can be extended up

¹⁰¹ Conversion of the local currency into euro undertaken on 28th May 2013, using <http://finance.yahoo.com/currency-converter/>

to 72 months. The average income for a family member must not be higher than PLN 623 (€145) a month.

Flexibility in use

The leave can be taken until the child's fifth birthday. Parents can take the leave on continuous days or in up to five separate blocks. Parents can take the leave simultaneously for up to four months. Both parents have an individual, non-transferable right to one month of the leave. During the parental leave period, parents may be employed and claim parental allowance if working does not prevent them from caring for their children. A parent working while on leave can be employed only by a different employer.

Additionally to leave provisions: Time off for the care of dependants

An employee can take leave of up to 14 days per year to provide personal care for a family member, paid at 80 per cent of the earnings. An employee can take leave to care for a child of up to eight years of age (14 years if the child is disabled or chronically ill) in the case of an unforeseen closure of a nursery school, kindergarten, or school; in the case of an illness of the spouse caring permanently for the child or in the case the spouse has given birth to a child. This leave is also paid at 80 per cent of the earnings for up to 60 days.

4.2 Child allowance

2014: There are two main pillars of financial family support that are directly connected with children: a) means-tested family benefit plus supplements to this benefit and b) child tax credit. Additionally, there are other financial instruments: one-time birth benefit (*becikowe*), care allowance (*świadczenie pielęgnacyjne*) introduced in 2014, care benefit (*zasilek pielęgnacyjny*) and special care benefit (*specjalny zasiłek opiekuńczy*). Since 2013, parents with only one child whose joint earnings exceed PLN 112000 cannot take advantage of the child tax credit. In the same year, the amount of the tax credit for the third child was raised by 50%. Also in 2013, the means-testing for birth benefit was introduced. 2012: Certain eligibility conditions for birth benefit were introduced: mothers have to be under medical

supervision from the 10th week of pregnancy. 2007: Child tax allowance was introduced. Since 2005, there have not been any important changes in the system of means-tested family benefits, but the amount of the benefits has been gradually raised as to take into account the rising costs of living (mainly due to inflation). 2005: One-time birth benefit was introduced.

Family benefits and supplements

Family benefits are means-tested measures granted for a child/children in the families in which the monthly income per capita does not exceed PLN 539 (€125) or PLN 623 (€144) if there is a disabled child in the family. The amount of the family benefit depends on the age of the child: children aged less than five years receive PLN 77 monthly, children aged 5-17 years receive PLN 106 monthly, and children aged 18-24 (if at school/studying or if disabled) receive PLN 115 monthly. There are seven different supplements to the benefit that can be granted only to families entitled to the family benefit. The most important ones are:

- Birth supplement: a one-time payment – PLN 1,000 (€232).
- Care supplement: PLN 400 monthly, if the mother or father takes care of the child personally.
- Lonely parenthood: PLN 170.
- Large families: PLN 80.
- Beginning of a school year: PLN 100.
- Child tax credit and income splitting.

Income splitting (joint taxation) is available to married couples and lone parents. Since 2007, parents can set their tax liabilities against the child tax credit, which is a non-refundable tax credit, the maximum value of which is PLN 1,112.04 (€268) per year for every dependent child. Parents with only one child whose joint earnings exceed PLN 112,000 cannot take advantage of the child tax credit. The amounts of child tax credits are: for the first child (if joint income does not exceed PLN 112,000 per year): PLN 92.67 per month; for the second child: PLN 92.67 per month; for the third child: PLN 139.01 per month; for the fourth and each subsequent child is PLN 185.34 per month.

State policy towards families with excessive debts/over indebtedness (rights): is there any aid (benefits or services) for families that have excessive debts?

There are no benefits or services for families to help them with excessive debts. However, in 2009, the notion of *consumer bankruptcy* was introduced to the Polish legal system.

Do children have to pay back the loans taken by their parents (can one inherit a loan)?

There are three basic possibilities with regard to inheriting from parents (succession law). By law, one inherits directly (*przyjęcie proste*), which means that not only assets but also loans are inherited. However, within six months from the acknowledgement of the inheritance, one can choose to: 1) accept the inheritance up to the level of net assets (*przyjęcie z dobrodziejstwem inwentarza*), which means that the loans are inherited but only to the amount of the inherited assets or 2) deny the inheritance (*odrzućcie spadku*). By law, individuals who do not have full legal capacity (e.g. children) inherit up to the level of net assets. There have been no important changes to the succession law in this respect since 2005.

Eligibility and costs of pre-school, primary-school education in the public sphere, specify which ages pre-school and primary school refer to in your country.

Pre-school.

Is there a public pre-school system? Who is eligible for it and how high are the fees? Are there any exemptions? If yes, of what kind?

There is a decentralised public pre-school system in Poland. Eligibility is for children aged three years (2.5 years in special cases) to six years (or to 10 years for children with disability). For children aged five to six years, there is mandatory pre-school education.

Changes in eligibility: Prior to 2009, there was a mandatory pre-school year for children aged six years, but no subjective right to pre-school for children under six years of age. Since 2009, there was a formal right to pre-school education for children aged five years (in 2009), and there has been an obligatory year in pre-school for children aged five years (since 2010).

Change in 2013: Starting from 2017, children aged three to four years¹⁰² shall have a subjective right to attend a kindergarten (*stronger social rights, more inclusive access*).

Changes in priority recruitment criteria: Until 2013, the following criteria applied (significant as there are not enough facilities): 1) The child lives in a given administrative unit. 2) The child is raised by a lone parent, 3) One of the parents is disabled. 4) The child is raised in a step-family. Change in 2013¹⁰³: The following criteria were added: 1) the child is brought up in a family with three or more children. 2) The child or child's siblings are disabled. 3) The local government may set up to six criteria, including particularly family's low income (*potentially higher inclusiveness with targeting poorer people*).

Changes in fees: Prior to 2010: A number of hours free of charge but various additional charges (meals, extra educational activities, such as foreign language or music classes) – a monthly fee depending on the facility and pre-school activities, ranging from PLN 10 to PLN 190 (Swianiewicz, 2012:107). Change in 2010: five hours a day free of charge, every sixth and further hour a day charged according to the local government's regulation (in most cases between PLN 1 and PLN 3 zł (Swianiewicz, 2012:110). Change in 2013: five hours each day free of charge, every sixth^h and further hour a day charged PLN 1 maximum (*significantly lower costs of pre-school, higher inclusiveness*). Fee exemptions in 2014: Local authorities' prerogative, decided individually.

Primary-school

Are there any fees in public primary schools? How high are the fees? Are families eligible for benefits (transportation, lunch etc.)?

In 2014 and before: Under the Constitution, public education shall be free of charge (this applies to all educational levels).

¹⁰² However, the same legal act provides for certain procedures in case the number of persons applying for a pre-school exceeds the number of places. This suggests the law might be a dead letter, given that the pre-school enrolment level for children aged three to four years in Poland is 55% (2012) and scarcity of places is widespread.

¹⁰³ The former regulation was declared invalid by the Constitutional Court in 2013. According to the sentence, the pre-school enrolment criteria affect social rights and thus require a stronger protection than a minister's decree, in which they were stated.

School transport: Under the law, school transport shall be organized by local governments if the distance to school exceeds 5 kilometres. It shall be free of charge. However, in many municipalities there is no school transport (reference).

School meals: They are paid by the pupil/family. Prices for Warsaw: between PLN 3 to PLN 10 for dinner, PLN 5.30 in average (Czarniecka-Skubina, 2011:22), less in other localities). They are free of charge for social assistance recipients (eligibility criteria: income threshold rose by 50%, with some exemptions to means-testing: see Tables 1 and 2 on food services).

Change in 2008: Certain exemptions to means-testing were added: a meal may be given to a hungry (pre)school pupil upon his/her request: no means-testing is needed (*more inclusiveness*).

School books: These are paid for by the pupil/family (for the first primary school grade – ca. PLN 200-400. A means-tested books subsidy is available. Eligibility: family income lower than PLN 539 per person (equal to the family benefits criterion), no means-testing for children with disabilities. The benefit: PLN 225 maximum (grades 1-3), PLN 325(grade 5), higher subsidies depending on child's disability. In special cases, the subsidy may be granted despite the fact that the income threshold is exceeded (change in 2011: introduction of exemptions along with a 10% exemption limit; 2013: exemption limit reduced to 5%). Change in 2014: Introduction of a new schoolbook for children from the 1st grade of primary school – a schoolbook written under the auspices of the ministry – its price is fixed at PLN 1 (*ambiguous changes: lowering prices combined with higher conditionality*).

Gymnasium

If there is a public gymnasium system – who is eligible for it and how high are the fees? Are there any exemptions? If yes, of what kind? Are families/pupils eligible for any benefits (transportation, housing, lunch etc.)?

In 2014: Public gymnasias (for children aged 13-16 years) and secondary schools (high school, technical high school as well as vocational school) are free of charge. Generally, the

regulations are the same as in the case of primary schools. School-books subsidy is less available to some gymnasium pupils (the subsidy covers the costs of newly-introduced books, which does not apply in many cases).

School housing: Prices depend on school type and location. They cover accommodation (ca. PLN 50-150 monthly) and meals (PLN 200-300 monthly). Decisions concerning exemptions from fees are taken individually (source: no precise information available, internet query only).

Costs of university level studies

Tuition fees and exceptions

How large are the fees at public universities and are there any exceptions? Are students eligible for benefits (housing, transportation, etc.)?

In 2014: Public university studies are free of charge (except for charges for exams and course repetitions). Change in 2011: Charges for the second subject were introduced from 2013 (except for the best 10% of the students of a given subject every year). The sentence of the Constitutional Court (June 2013): charging for studying more than one subject is unconstitutional – free studies independently of the number of subjects must be introduced again from 2015 (most of the universities cancelled additional fees immediately after the sentence). (*An attempt to implement higher costs of education.*)

Financial assistance and housing for students (for housing: see above): Financial assistance: precise regulations are the prerogative of universities. General regulations at the national level: means-tested financial assistance is available, with the eligibility threshold to be set between the social assistance threshold and 130% of the family benefit threshold. Example: regulations at the University of Warsaw: financial support is equal to PLN 950 minus net income per person in the student's family, but not less than PLN 200 per month.

Transport fare reductions/exemptions (applies to all the levels of education): National level regulations: 50% reduction of public transport fares for university students, including doctoral

studies up to the age of 30 years. Public railway: prices are reduced by 37%-49% for pupils up to the age of 24 years, and by 51% for students, including doctoral students up to the age of 35 years. Local level regulations (in Warsaw): free transport for children up to age of 7 years and for the youth with disabilities up to the age of 26 years, 50% discount for the youth up to the age of 21 years.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE AND EDUCATION FUNDING POLICIES (with the date of adoption):

Law on educational system from 7th September 1991 [*Ustawa z dnia 7 września 1991 r. o systemie oświaty, Dz.U. 1991 Nr 95 poz. 425*], as amended.

Law on higher education from 27th July 2005 [*Ustawa z dnia 27 lipca 2005 r. Prawo o szkolnictwie wyższym Dz.U. 2005 Nr 164 poz. 1365*], as amended.

Law on setting a long-term ‘Supplementary feeding programme’ [*Ustawa z 29.12.2005 o ustanowieniu wieloletniego programu ;Pomoc państwa w zakresie dożywiania*’], as amended.

Decree of the Council of Ministers from 12th July 2013 on detailed regulations regarding financial aid to pupils for books and school materials [*Rozporządzenie Rady Ministrów Z dnia 12 lipca 2013 r. w sprawie szczegółowych warunków udzielania pomocy finansowej uczniom na zakup podręczników i materiałów dydaktycznych*] with previous versions.

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Spain

Summary

The first symptoms of the economic crisis in Spain manifested in the beginning of 2008 and have not been limited to unmet expectations resulting from the reversal of the economic tendency, but involve material deprivation for an important part of the population. This report traces the changes in public policy regarding the crisis in Spain as a central part of the LIVEWHAT project that describes social conditions in hard times.

Social rights have been greatly affected by government responses to the economic crisis in Spain, especially after the austerity measures implemented in 2012. However, the first reactions that increased government spending through stimulus plans put in place by the socialist government in 2010 were accompanied by salary cuts for public sector employees, freezing pensions, and lowering the protection for the unemployed. The statutory retirement age was raised and conditions were made similar for men and women. Pension reforms also included harder conditions for early retirement and the abolition of job specific differences and adjustments that will lead to pension levels to fall drastically within the following decades.

Labor market reforms of 2010 and 2012 designed to promote greater flexibility of labor institutions have made important changes to contracts, dismissal, and collective bargaining conditions. These changes and subsequent developments have led to increased job insecurity, given that they have replaced permanent employment by temporary and part-time jobs; have introduced mandatory probation periods; increased the flexibility of learning and training contracts as well as in the legal regime of layoffs; amended the regulation of temporary employment; augmented corporate power for modifying working conditions; and reformed the collective bargaining system.

The health system also suffered severe changes as its funding was re-coupled to healthcare contributions to Social Security, thus limiting the protection of health to the insured and selected beneficiaries. Law 16/2012 aimed to ensure the sustainability of the National Health System has restricted the right of Spanish citizens over 26 who are not working, as it obliges

them to demonstrate that they have no resources. It also established user contributions in pharmaceutical services including medicinal products and/or medical devices. Disability pensions were affected as well with the Austerity Package (RDL 20/2012). Non-contributory services were limited by establishing upper limits to income and by starting to consider wealth and not only income in the estimation of the ability to pay for families with disabled members.

Housing problems are a central concern in the economic crisis in Spain since 2008 as a result of the bursting bubble of real estate prices and the collapse of the property sector. The government did not react to the mortgage crisis until 2012 with measures to temporarily protect some groups against evictions, by granting a two years moratorium on evictions for especially vulnerable families. Governments made a call to banks to provide affordable housing and created the Social Housing Fund focused at those evicted from their primary residence for unpaid mortgage. Furthermore, judges were allowed to revise mortgage contracts in order to guarantee the right to appeal unfair contract terms; provide guidelines for forced acquittances, delays or even the *datio in solutum* in cases of mortgages defaulted by people in need. However, the eligibility criteria for these measures are too rigid and some have been contested for their incompatibility with international law.

Government responses to the crisis have been directed to the selective allocation of rights only to national citizens, formal workers or financially solvent residents. A non-exclusive defense of social rights requires revising the restrictive notions of citizenship, nationality and residence on which they have been transformed, as to guarantee social rights equally to all persons without discrimination.

Political and civic rights, such as the right to association and demonstration have also been restricted in response to the struggle for rights which has been expressed by citizens through multiple processes of participation, contestation and even popular disobedience. The conflicting nature implicit in the guarantee of social rights merely expresses its close link with fundamental civil and political rights. This interdependence should be central in the current context, in which cutting social rights threatens to seriously affect the foundations of democratic principles.

1. Labor policies

1.1 Employment

Labor policies in Spain are regulated by the workers' Statute which refers mainly to a Law established in 1980 and modified in 1995¹⁰⁴ which is still valid with important modifications in labor reforms in 2010 and 2012.¹⁰⁵

1.1.1 Termination of contracts

Are there legal rights of advance notice, what do these look like and to whom are they applicable?

Labor relationships have different conditions for termination depending on who takes the initiative to end the contract. In the case of termination by the employee, Collective Agreements or the individual contract apply. In the case that an employee fails to give sufficient notice to his employer regarding his intention to terminate employment, the company has a right to claim indemnification. The majority of the Collective Agreements contain the consequences of termination of employment in the absence of notice; the most common consequence is to deduct payment from employees for the period for which no notice was given.

In cases where the termination of the employment relationship is the decision of the employer, the notice period itself is regulated depending on the circumstances of termination. In the case of dismissals grounded on economic, organizational, technical or productive reasons, the employer must deliver a written dismissal letter detailing the corresponding legal reason for the dismissal, and the minimum legal severance payment (20 days' of salary per year worked with a cap of 12 months' salary) must be made available to the employee (section

¹⁰⁴ Real Decreto Legislativo 1/1995, de 24 de marzo, por el que se aprueba el texto refundido de la Ley del Estatuto de los Trabajadores.

¹⁰⁵ Detailed explanations of all the changes can be found in the Employment protection legislation database - EPLex in:
http://www.ilo.org/dyn/eplx/termdisplay.procReqtCollects?p_lang=en&p_country=ES&p_all_years=Y.

53, Workers' Statute). A 15-day notice period following the delivery of the letter must be granted before the dismissal takes effect (although the employer can choose to replace this period with payment of salary in lieu of notice). If the employer chooses the first option, during that notice period the employee will have to continue providing their services, although they will be entitled to spend six hours per week looking for new employment.

In the case of disciplinary dismissals, these constitute unfair dismissals if employers cannot prove the disciplinary grounds stipulated in the written notice to the employee, or if the employer did not observe the requirements established in section 55.1 of the Workers' Statute. The employer must communicate the decision of disciplinary dismissal to the dismissed employee in writing, specifying the facts giving rise to the dismissal and the date on which the dismissal will take effect. In addition, if any employee representative is being dismissed, both parties are entitled to be heard and receive proper notice. Spanish law does not, however, provide for any notice periods for disciplinary dismissals (Thomson Reuters, 2013).

What is the compensation (fee) for the termination of the employment contract of full-time workers?

The 2012 Spanish labor market reform was approved by the government in February 2012 as a *Real Decreto Ley 3/2012* and modified several aspects of the Spanish labor market regulation, including collective bargaining rules and collective and individual redundancy procedures and costs. The objective of the reform of collective bargaining was to restore competitiveness by aligning labor costs more closely with productivity and to allow employers to exploit more easily internal flexibility measures as an alternative to dismissals in the presence of adverse company shocks, thereby preserving jobs and reducing employment losses in bad times. The dismissal legislation was also reformed with the objective of making the labor market more dynamic and less segmented in order to increase productivity and reduce precarious jobs. The reform redefined the conditions for a fair dismissal introduced by the 2010 reform. While actual or expected losses or loss of competitiveness remain fair reasons for an economic dismissal, the new law specifies that a dismissal is always justified if the company faces a persistent decline (over three consecutive quarters) in revenues or ordinary income. Additionally, the company was relieved from having to prove continued losses and justifying that dismissals were needed.

Monetary compensation for unfair dismissal was reduced to 33 days' wages per year of seniority up to a maximum of 24 months, compared to the previous severance pay of 45 days up to a maximum of 42 months' wages. Simultaneously, the reform removed workers' right to interim wages between the effective date of dismissal and the final court ruling (except in the case when the worker is reinstated). This made redundant the option employers often used before the reform of declaring a dismissal unfair even before a conciliatory procedure took place and paying upfront the corresponding severance payment (the so-called *despido exprés*, which was the most commonly-used dismissal mechanism by employers prior to the reform), which was therefore removed (OECD, 2013).

Does the law establish a public policy list of 'fair' grounds for dismissal?

The causes for *Disciplinary Dismissal* (termination of the employment contract unilaterally by the employer, based on a serious and willful breach of contract by the worker - Article 54.2 Workers Statute) are listed below.

- Repeated faults and unjustified absenteeism or unpunctuality at work.
- Indiscipline or disobedience at work.
- Verbal or physical offenses against the employer or coworkers or their family.
- Breach of contractual good faith and breach of trust in the performance of work (unfair competition, misappropriation, use of company materials for personal gain, actions that cause harm to the image of the company, cheating clients, collecting undue amounts, etc.).
- Continuous and voluntary underperformance or decreased work based on normal standards or prior agreements.
- Habitual drunkenness or drug addiction if work is adversely affected.
- Harassment to the employer or the people who work in the company because of racial, ethnic, religious, disability, age or sexual orientation.

Is redundancy (also known as retrenchment, termination for economic reasons, necessities of the company, or objective causes) considered a 'fair' ground for dismissal by law, or if such dismissal always entails a mandatory penalty?

Employees affected by redundancy/layoff pay dismissal are entitled to receive a legal severance payment equivalent to 20 days' salary for each year of service in the company (up to a maximum of 12 months' salary).

1.1.2 Minimum wage

Who has the right to have minimum wage, are there any exceptions?

The minimum wage in Spain is the legal minimum wage that a worker may be charged regardless of the professional activity. It is expressed in monetary units per day, month or year of work and it is established annually and used in the calculation of social contributions and benefits. Beginning in 2004, however, a new indicator, IPREM (*Indicador Público de Renta de Efectos Múltiples*) has been used as an index for these purposes.

In order to establish the minimum salary for each year, multiple criteria are considered: the consumer price index (CPI), the average national productivity, the change in labor's share in national income, and a general economic prospect. The minimum wage may be modified if there are changes every six months on the budget of IPC. The amount for 2013 was fixed by Royal Decree 1717/2012 of 28th December at 21.51 €/day and 645.30 €/month, plus two extraordinary payments. If the minimum wage is divided into 12 payments with no extras, the net payment is 752.85 €/month. The amount for 2014 did not change from 2013 and it applies to all employees.

1.1.3 Vacation

Do employees have a paid time off for national or local holidays by law or mandatory collective agreement? How many days lasts the paid vacation? Do people receive holiday allowances, how large are they?

Holidays are regulated in the Workers' Statute (Article 38). In total, full-time employees in Spain are entitled to a minimum of 30 calendar days of paid holiday, which must be taken and cannot be substituted for remuneration. Spain also has 14 holidays, both national and local, that are not included in an employee's paid holiday. Additional days can be taken as holiday in the event of extraordinary situations such as marriage (15 days) and for moving house (one day).

1.2 Unemployment

Unemployment benefits include contributory benefits and subsidies. The contributory unemployment benefit is a monthly economic allowance that can be claimed following involuntary termination of employment, and is managed and paid by the State Employment Service (SEPE) based on the contributions made by the worker during the period of employment. It also includes contributions to social security pension, temporary disability, permanent disability, death and survivor's benefits, family protection allowances and healthcare schemes. Subsidies can be claimed with the exhaustion of contributive benefits, on involuntary termination of employment, for people over 55 years of age, returned migrants, those released from prison and from changes in disability pension.¹⁰⁶

1.2.1 Eligibility and constraints (rights)

What are the requirements for being officially registered as unemployed?

The requirements to register as a job seeker are: national identification document, foreigner identification document and work permit, social security records, professional titles, diplomas, accreditations. The job seeker additionally assumes compromises to: actively seek employment; attend appointments to job offers provided by public employment services (and deliver proof at the employment agency); accept suitable work positions when available;

¹⁰⁶ All the descriptions and the conditions for unemployment benefits are detailed in the General Social Security Law - *Real Decreto Legislativo 1/1994, de 20 de junio, por el que se aprueba el Texto Refundido de la Ley General de la Seguridad Social. (NIPO – 271-14-006-5) Texto integrado y actualizado el 1 de enero de 2014, con las modificaciones introducidas por las Leyes publicadas hasta la fecha.*

actively participate in information campaigns, training, integration, social collaboration work, etc.; renew the unemployment benefit demand within the established conditions; attend the calls of the unemployment office when required; and report any situation changes to the employment office (change of address, travel abroad, sick leave, born children, changes in income of members of your household, etc.).

Who is entitled to unemployment benefit (e.g. how many months one has to work for being eligible for this benefit?)

In order to be eligible to receive unemployment benefits in Spain, a person must have been employed and paid contributions to the social security system. The amount of benefit received by unemployed workers varies depending on how long they were employed. In order to receive unemployment allowance, a person must be legally unemployed. The following situations are considered legal unemployment: end, or authorized suspension of employment; temporary and authorized reduction of working hours; Spanish workers becoming unemployed abroad and returning to Spain; release from prison when the sentence has been served or release is conditional; most legal unemployment situations can be proved with a company certificate which will be supplied by an employer at the end of the job; unemployed after working less than one year.

Workers who have been employed for over one year are eligible for unemployment benefits, providing they meet the following conditions: they are legally unemployed; they register as a job seeker and sign an Activity Agreement; they are not over the usual age of retirement (65 years for men); they worked for a minimum of 360 days in the previous six years.

Workers who have been employed for less than one year do not have the minimum requirement of contributions to receive unemployment benefits; however they may apply for an Unemployment Subsidy (*Subsidio por Desempleo*) providing they meet the following conditions: they are legally unemployed; they register as a job seeker and sign an Activity Agreement; they have contributed at least three months of Social Security payments if they have family responsibilities, or six months of contributions if they do not; they do not have an income of more than 75 percent of the Minimum Professional Wage (*Salario Mínimo Interprofesional*).

The other cases for eligibility for unemployment subsidies are the following: not to be entitled to contributory unemployment benefits; being registered as job seeker throughout the period of the allowance, and signing a compromise to accept job proposals; an income that does not exceed 483.98 €/month.

Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)?

The rules do not vary between public and private employees. In the cases of temporal contracts the benefit is computed on the basis of daily, weekly or annual pay, by the decision of the employer, with similar reduction of wages under the provisions of Article 47 of the Statute of Workers, or by judicial decision taken within a bankruptcy proceeding. In the case of partial unemployment, starvation-generated benefits will occur for hours and not days. To this end, the percentage spent is equivalent to the reduction in working hours determined by the employer under the provisions of Article 47 of the Statute of Workers.

How long is the payment period and are there any constraints (e.g. mandatory training, inability to refuse the offered job)?

The contributory benefit is calculated on the basis of the contributions made over the preceding six years, provided these have not been used to calculate a prior benefit, in accordance with the scale presented in Table 1.

The unemployment subsidy in the case of exhaustion of contributive benefits is six months, but it can be extended for six monthly periods depending on the duration of the exhausted contributory unemployment benefit, family responsibilities and age. In the case of involuntary termination of employment, the duration of the allowance depends on the time paying social security contributions and on family responsibilities. In the case of persons older than 55, the unemployment subsidy allowance lasts until they can claim a contributive pension of any kind. An annual declaration of income and the income of the family unit should be submitted annually.

Table 1: contributory benefit by contributions

Total contributory days	Total benefit days
360 to 539	120
540 to 719	180
720 to 899	240
900 to 1,079	300
1,080 to 1,259	360
1,260 to 1,439	420
1,440 to 1,619	480
1,620 to 1,799	540
1,800 to 1,979	600
1,980 to 2,159	660
Over 2,160	720

Source: Article 210 in the General Social Security Law

1.2.2 Benefits

The daily benefit is 70% of the contribution base for professional contingencies for the last 180 days contributed, except for overtime during the first six months of entitlement and 50% following said period. The maximum and minimum benefit for 2014, is based on the number of dependent children as presented in Table 2.

Table 2: Unemployment benefit by number of children

Minimum monthly payment		Maximum monthly payment	
No children	€ 497.00	No children	€ 1,087.20
With children	€ 664.74	With one child	€ 1,242.52
		Two or more children	€ 1,397.83

Source: Orden ESS/106/2014, de 31 de enero.

Dependent children include minors and young adults under the age of 26, or over 26 if they have some level of disability, or minors in adults' foster care, whose monthly income does not exceed 645.30€. The maximum and minimum amounts are reduced proportionately when they are estimated for part-time contracts based on the number of hours worked during the period of the last 180 days of contributions.

Two types of deduction are made from the gross benefit: the contribution to the Social Security scheme; and personal income tax withholdings, if applicable. In the case of non-contributory subsidy the allowance is 426€ per month.

1.2.3 Services

What kinds of training services are available for unemployed, how does it differ between long-and short-term unemployment?

The financial benefit is complemented by training courses and services to place job seekers managed by the public employment service in each autonomous community¹⁰⁷. The courses for the unemployed can be optional and open to workers receiving unemployment benefits or the public employment services can demand long-term unemployed to attend compulsory training, courses, career guidance lectures, etc. Attendance at interviews and the course is mandatory and failure to comply can result in sanctions. Most courses are subsidized. After a satisfactory completion of courses, diplomas are available to credit the hours of training or as professional certificates to justify knowledge or to enter public service oppositions.

Is any particular help given to people starting with their own small business?

As a self-employed worker, you can receive in a single payment the start-up cost (duly justified) of your enterprise, up to 60% of the total aid granted, and up to 100% in the case of men under the age of 30 and women under the age of 35 at the time the claim was made. If

¹⁰⁷ An autonomous community is a first-level political and administrative division of Spain created in accordance with the Spanish constitution of 1978, with the aim of guaranteeing the autonomy of the nationalities and regions that integrate the Spanish nation (Article 2 in the Spanish Constitution).

you do not receive your entire benefit in a single payment, you can simultaneously ask for the outstanding amount to be paid in order to meet the cost of your monthly social security contributions while you are building your enterprise.

Unemployment benefits were affected by the austerity measures from the Royal Decree-Law 20/2012 aimed at stabilizing the budget and promoting competitiveness. In contributory benefits, the amount perceived by the unemployed from the seventh month was reduced from 60% of the base to 50%. During the first six months the payment of 70% is maintained. In the case of unemployment for loss of a part-time job, before the reform in 2012 the maximum and minimum allowances were calculated according to the last contract. After the reform the estimation is based on an average of the last six months worked.

There were also changes in unemployment subsidies as the previous allowance for people over 52 years changed to 55, for workers who do not have family responsibilities and have contributed at least six years. Subsidies have been retired for those over 45 years who had exhausted unemployment benefits of 720 days and that met all the requirements except the waiting period. The figure of 'partial subsidy' was implemented for temporal jobs as before the reform, the total grant, 426€ was collected in all cases. Now in the event of a job loss for part-time jobs the subsidy will be estimated in proportion to the hours worked previously.

Additionally to benefits and subsidies, the obligations of the unemployed changed as the Public

Employment Service may order the preventive suspension of the payment of unemployment benefits when a beneficiary fails to deliver requested documents or in the cases where there is sufficient evidence of fraud.

1.3 Unionization and strikes

1.3.1 Unions and bargaining

Does every worker/employee have a right to be part of a union? If not, describe differences. Is a right to unionization specified in the constitution (if it is regulated by other laws, it means weaker protection of rights)?

The right to unionization is specified in the Spanish Constitution. The collective model of labor relations assumes that employers and unions have competing interests, but that they can reach agreements. It thus defines labor unions as collective subjects on the side of workers.

Article 7 of the Spanish Constitution states that:

‘Worker unions and associations of employers contribute to the defense and promotion of their own economic and social interests. Their creation and the exercise of their activity are free within the observance of the Constitution and the laws. Their internal structure and operation must be democratic; The technical instrument for this purpose is Article 28, which governs freedom of association. Articles 28.1 & 28.2 of the Spanish Constitution state that:

1. All have the right to unite freely. The law may limit or except from the exercise of this right the Armed Forces or Military Institutes, or the other Corps subject to military discipline and shall regulate the peculiarities of its exercise for political functionaries. Union liberty includes the right to found unions and to join the union of one’s choice, as well as the right of the unions to form confederations to found international union organizations or to join them. No one may be forced to join a union.

2. The right of workers to strike in defense of their interests is recognized. The Constitution states that the exercise of this right shall be established by law in order to determine precise guarantees to insure the maintenance of essential services of the community. Up to date there is no national legislation regarding essential services, but the local governments determine the particular conditions based on the expected duration of the strike and services concerned.

Public employees can exercise the right to strike, both civil service and labor, on the condition that maintenance of essential community services is guaranteed (Article 15, Law 7/2007 of the Basic Statute of the Public Employee). However, members of the Armed Forces and Military institutes, and members of the security forces Corps are prohibited from any type of strike. Regarding immigrants, the Constitutional Court has been central in protecting workers’ rights. In December 2007, the Spanish Constitutional Court ruled as unconstitutional the article of the Law on foreign persons, which prevents illegal migrant workers from exercising their right to unionization and strike action. The court thus confirmed the unconstitutional nature of the law’s provisions, which were the result of a reform in 2000 (Arasanz, 2008).

*Are workers councils, committees or equivalent bodies mandated by law?*¹⁰⁸

The representation and participation rights anchored in the Workers' Statute (1980) and the Law on trade union freedom (1985) establish dualistic interest representation by trade union bodies at enterprise and supra-enterprise level and the works committees elected by all workforces with more than 50 employees. In enterprises with 250 or more employees, trade unions have the right to form trade union sections and the works committees and trade union sections also have the right to call strike action and engage in collective bargaining (Köhler and Calleja, 2013).

Do employers have the legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers?

The legal grounds of collective agreements are stated in the constitution and on the Workers' Statute. Article 37.1 of the Spanish Constitution states that 'The law shall guarantee the right to collective labor negotiations between the representatives of workers and employers, as well as the binding force of agreements'. The law that it refers to is the Workers' Statute (Royal Legislative Decree 1/1995 of 24th March), which regulates the collective bargaining and the agreements resulting from it. Collective bargaining, as any contract, has to be freely decided. The freedom to bargaining is a requirement implicit in collective autonomy¹⁰⁹.

Does a collective agreement have a contractual or statutory status (or both)?

The so-called *estatutarios* collective agreements have statutory status and are generally applicable. The other collective bargaining agreements (*extraestatutarios*) have only contractual force: they apply only to members of the contracting organizations.

¹⁰⁸ This refers to the cases in which an institution of employers and workers is created for the discussion of company's policies affecting workers at the company level (as in the Swedish case).

¹⁰⁹ XIVth Meeting of European Labor Court Judges -

http://www.ilo.org/wcmsp5/groups/public/@ed_dialogue/@dialogue/documents/meetingdocument/wcms_159953.pdf.

1.3.2 Strikes¹¹⁰

Which workers have according to the law the right or the freedom to strike?

In Spain, the right to strike is a collectively exercised basic individual right protected in the Constitution and is not tied to trade union organizations and strike ballots. The workers' powers of collective self-protection find their true expression in the recognition of the right to strike, as well as the collective action provisions, established in the constitutional text immediately after those referred to collective bargaining. These refer to voluntary mechanisms created by collective agreements for solving disputes. Other forms of dispute not comparable to the right to strike or other fundamental rights are also included, such as the right to assemble and to demonstrate. It therefore refers to a certain type of collective action by the workers on the use of company products, or avoidance of trade relations with the company, on which there is no public or collective regulation. Thus, the right to strike is recognized as a fundamental right that becomes independent of the concept of collective action. Whether lock-out should be recognized as collective action is a debated issue.

The Constitution attributes the right to strike to the workers for the purpose of defending their interests (Article 28.2). The following workers are legally entitled: civil servants, statutory and administrative staff, and all workers with an employment contract. In the case of the Self-employed Workers' Statute (Act 20/2007), jurisprudence understands that they are entitled to strike insofar as they belong to a trade union. Professional associations of self-employed workers may not assimilate these typically trade unionist powers and tactics, but it has been argued that the professional associations' – not unions – authority to call a strike is implicitly recognized in the provisions of Article 19.2 SWS that recognizes their right to 'exercise collective defense and protection of the interests of self-employed professionals'.

Categories of public officials who are prohibited from exercising the right to strike and denied the right of freedom of association are explicitly established. These include: members of the armed forces and bodies subject to military discipline, such as the Civil Guards (*Guardia Civil*);

¹¹⁰ This section draws heavily on the account of legal regulations by Baylos Grau and Castelli, 2011.

judges, magistrates and public prosecutors while they are active, although in this case there is no provision explicitly prohibiting the exercise of the right to strike, yet the prohibition is deduced from their exclusion from freedom of association stipulated by Organic Law of Trade Union Freedom of 1985; members of the Security Forces, both state-level police officers and regional and municipal police, notwithstanding their right to freely associate.

Are wildcat strikes i.e. the ones not authorized by the labor union or the assembly of workers, legal? Are there any time-limits to strikes, any differences across economic sectors?

In important sectors of the public administration and public services, the right to strike is restricted by the need of essential public services. These are determined by the sphere in which strike action is to be taken, the so-called essential community services, and not by the legal status of the employment relationship. The strike action is defined as a right that is “individually owned and collectively exercised”. This formula’s immediate consequence is to prevent the collective powers of calling strikes to become monopolized by trade unions. Having rejected an organic concept of ownership of the right to strike, which would make it directly depend on freedom of association, the Spanish system devised this right independently, allowing organizations representing workers, such as councils or staff representatives, or all of them assembled, to validly call a strike.

Are there any time-limits to strikes, any differences across economic sectors?

The law does not establish a time limit to strikes, but it defines conditions for ending a strike under particular circumstances. The government, on a proposal by the Ministry of Labor, “in consideration of the duration or consequences of the strike, the positions of the parties and the serious damage it could cause to national economy” (article 10.1 Royal Decree Law of Labour Relations of 4 March 1977, cited in Bailos and Castelli, 2011 p. 216), may agree on mandatory arbitration. This is a strictly political measure not only recommended by the central government but also by the autonomous communities that have taken over competence for implementing labor laws. The arbitrator’s decision can likewise be challenged on the grounds established by the Labor Proceedings Law for challenging arbitral decisions. Both employers and workers must accept the decision when it is published, and the labor

authorities can impose penalties for non-compliance. The strike must be called off. If it continues, it is considered an illegal strike.

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., non-work-related issues, legal?

The strike is a mechanism included in collective bargaining, but does not exhaust its many purposes in this area, nor in the wider scope of what is technically known as a labor dispute. It is a means of industrial action and therefore shares its overall goals, in defense of workers' economic and social interests, both before the employers and public authorities; it is thereby understood that this is a right involving citizen participation taking part in the process of gradual levelling of material inequality foreseen in Article 9.2 of the Spanish Constitution.

Political strikes are included in the list of illegal strikes along with sympathy strikes (secondary) or strikes against convention. This is the case when the strike is "started or upheld for political reasons or for any other purpose beyond the workers' professional interests" (Article 11 Royal Decree Law of Labor Relations 1977 March 4th). The 'non-involvement' factor of the workers in a claim that is 'not their own' has enabled the Constitutional Court to consider the constitutionality of strikes directed against decisions of public authorities when affecting the workers' interests, such as, for example measures applied to the employment market regulation, or restructuring the social security or health system.

Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal?

Regarding strikes against a collective agreements, any strike "intended to alter the terms reached in a collective agreement while it remains in force" is declared illegal (Article 11 Royal Decree Law of Labor Relations 1977 March 4th). This implies an implicit peace-keeping duty upon entering into the agreement and coinciding with its legal term. However, the Constitutional Court, interpreted this prohibition in a narrow sense when saying that although the provision does not allow strikes intended to alter what has been collectively agreed during its legal term, nothing prevents the strike while the agreement is in effect when

its purpose is not strictly that of altering the agreement, such as requesting its interpretation or making claims that do not involve amendment of the convention.

Are employers allowed to fire or replace striking workers, in which conditions?

In the Spanish legal system there is a prohibition to replace striking workers by hiring other workers. The employer's management powers are established as inactive in response to an exceptional situation in the production process (Constitutional Jurisprudence 123/1992 of 28th September). This means that the employer cannot replace striking workers by the company's own non-striking workers or dispose of staff that results in a restriction or impediment to the effectiveness of the right to strike.

Are employers' lockouts allowed by law?

Lockouts are strictly limited to exceptional circumstances. The Constitutional Court states that differences between the right to strike and lock-out are so great that the legal treatment has to be different. The Constitutional argument is that parallel treatment is unfeasible due to the different grounds of each concept: "strike is a counterweight designed to allow salary-dependent workers to establish a new more favorable balance of power. Strikes tend to restore the balance between parties of unequal economic strength. On the other hand, lock-out implies giving a greater amount of power to a party who already had power before" (CCJ 11/1981 cited in Bailos and Castelli, 2011 p. 204). From this point of view, based on the different functionality of each mean, lock-out may only be allowed very restrictively: lock-out is possible when exercised by the employer as a policing power, as a reaction to situations that endanger people or things; that is, solely to preserve the integrity of persons, goods and facilities, and only for as long as is necessary to remove such causes and ensure the resumption of activity.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES:

Workers' Statute (*Estatuto de los trabajadores*) [ET], Royal Decree 1/1995, consolidated version, as last amended on 17th September 2010 by the Labor Market Reform, Act No. 35/2010 (*Ley de medidas urgentes para la reforma del mercado de trabajo*).

Labor Procedure Law [LPL], consolidated version, Royal Law Decree 2/1995 as last amended in September 2010 by the Labor Market Reform, Act No. 35/2010 (*Texto Refundido de la Ley de Procedimiento Laboral, Real Decreto Legislativo 2/1995, de 7 de abril*).

Law 43/2006, December 29th for the improvement of growth and employment (*Ley 43/2006, de 29 de diciembre, para la mejora del crecimiento y del empleo*).

Law 35/2010, December 17th – Urgent measures for the reform of the labour market (*Ley 35/2010, de 17 de septiembre, de medidas urgentes para la reforma del mercado de trabajo*).

Royal Decree Law 10/2011, August 26th - Urgent measures to promote youth employment, encourage employment stability and maintain the re-training program for people who exhaust their unemployment benefits. (*Real Decreto-ley 10/2011, de 26 de agosto, de medidas urgentes para la promoción del empleo de los jóvenes, el fomento de la estabilidad en el empleo y el mantenimiento del programa de recualificación profesional de las personas que agoten su protección por desempleo*).

Royal Decree Law 1542/2011, October 31st – Spanish employment strategy 2012-2014 (*Real Decreto 1542/2011, de 31 de octubre, por el que se aprueba la Estrategia Española de Empleo 2012-2014*).

Law 3/2012, July 6th – Urgent measures for labour reform (*Ley 3/2012, de 6 de julio, de medidas urgentes para la reforma laboral*).

Royal Decree Law 16/2013, December 20th - Measures to promote stable employment and improve the employability of workers (*Real Decreto-ley 16/2013, de 20 de diciembre, de medidas para favorecer la contratación estable y mejorar la empleabilidad de los trabajadores*).

2. Health services and social aid

2.1 Healthcare

Healthcare assistance in Spain is ruled by the Royal Decree 16/2012 (Article 1, Chapter I), as an amendment to Law 16/2003 of May 28th regarding the cohesion and quality of the national health system.

The organizational structure consists of a central government through the Ministry of Health which is responsible for strategic areas such as general coordination and basic health legislation; the definition of the basic portfolio of the National Health Service; pharmaceutical policy; health education; and management. The Autonomous communities have planning authority to organize their health services, while respecting the basic portfolio of services set by the central government. Inter-regional inequalities and intra-regional disparities are a major issue for health expenditure and outcomes both as a result of funding and policy decisions (Lopez-Casasnovas et al., 2005).

All public health expenditures (excluding mutual funds of public workers) are covered by the national-level taxes. The only contributions are for pharmaceutical costs with some exceptions. Healthcare in Spain is guaranteed with public funding through the national health system, for those who have the status of insured (Article 3): those who are employed or self-employed and affiliated and active in the social security registry; pensioners in the social security system; those who do not receive any periodic benefit from social security including unemployment provisions and benefits; those who have exhausted their unemployment provisions or benefits and are appropriately registered as unemployed and not crediting the insured status by any other title.

Other Spanish nationals or any member of the European Union, the European Economic Area or Switzerland who are resident in Spain and foreign holders of an authorization to reside in Spanish territory who do not comply with any of these conditions, may display insured status provided they show proof that do not exceed the income limit determined by regulation. The spouse or person with similar relationship, who must certify the appropriate official registration, as well as the former spouse and the children in charge under 26, or those who

have a disability equal to or greater than 65%, are beneficiaries of an insured, provided they reside in Spain.

Those who are not insured may obtain the delivery of healthcare through payment or compensation derived from the subscription fees of a special agreement. Monthly coverage costs 60 € per month for those between 18 and 64 years, and 157 for those 65 and over¹¹¹. This includes basic coverage, excluding non-emergency transportation, external prostheses such as a wheelchair, as well as 100% of medication. Unregistered or unauthorized asylum seekers will only be eligible for emergency healthcare, serious illness or accident, whatever its cause, as well as assistance to pregnancy, childbirth and postpartum. Those under eighteen will receive healthcare under the same conditions as Spanish citizens. The European Committee on Social Rights, a committee that examines whether national laws conform to the European Social Charter concluded in 2013 that Spain had regressed on social rights compared with earlier periods. Spain scored negatively on six out of 17 points that the committee investigated, including the decision to deny free healthcare to foreigners living illegally in the country, a general rule introduced by the Popular Party government in September 2012 (with certain exceptions for minors, pregnant women and anyone with an infectious disease)¹¹².

2.1.1 Eligibility for sickness benefits

Sickness benefits are a daily allowance to cover the loss of income caused by common worker illness or non-work accident, occupational disease or accident and observation periods for occupational disease.

Who has a right to receive sickness benefits (exclude private insurances)?

Sickness benefits may be received by all workers who are registered in any condition to social security, provided they meet certain requirements. In the case of self-employed workers

¹¹¹ Real Decreto 576/2013, 26th July.

¹¹² http://elpais.com/elpais/2014/01/29/inenglish/1391009009_731493.html.

(RETA) included in the special system of agricultural workers, eligibility is restricted for those who have chosen to include sickness benefits.¹¹³

From 2005, multiple reforms have been implemented with the aim to control expenses and fraud by centralizing the technical decisions to determine periods, extensions and decisions on relapses to the National Social Security Institute (*Instituto Nacional de la Seguridad Social*).¹¹⁴

The labor reform of 2012 also changed the maximum established time for sickness benefits as nine days of justified absence can be a cause for dismissal (although this has been a contended issue in jurisprudence and Constitutional rulings since 2007¹¹⁵).

How long would the benefit be paid?

The benefits will be paid for 365 days with a possible extension of 180 days more if during this period it is determined that healing is possible. A figure of periods of observation for occupational disease are also determined for six months with a possible extension of six months more.

2.1.2 Sickness benefits

How large is the benefit – relative to the average salary?

The benefit in case of illness and non-occupational accidents is 60% of the *base reguladora* (less than salary) from day four to 20 inclusive, and 75% from day 21 onwards in case of accidents at work and occupational diseases¹¹⁶. From day one to day three, 100% is commonly paid by employer as it is usually in collective agreements, although this is not enforced by law.

¹¹³ http://www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Incapacidadtemporal/RegimenGeneral/NacimientoDerecho28368/index.htm#6392.

¹¹⁴ Ley 30/2005, Ley 40/2007, Ley 26/2009 and Ley 35/2010.

¹¹⁵ <http://www.graduadosocial.net/web/laboral/214-despido-nulo-de-un-trabajador-de-baja-medica-sentencia-del-tribunal-supremo-de-31-01-2011.html>.

¹¹⁶ http://www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Incapacidadtemporal/RegimenGeneral/Cuantia/index.htm.

Differences across groups like residents/non-residents or public/private sector workers?

The distinction of public workers from employees in the private sector changed in 2012 as a direct consequence of budget cuts.¹¹⁷ Since July 2012, public sector workers receive only 50 percent of their salaries for the first three days of sickness leave and the payment cannot exceed 75 per cent from the fourth to the twentieth day. The total amount of the payment is recognized from the 21st day onwards. In cases of hospitalization and surgery or when the leave is derived from professional contingencies the payment will be of 100% at all times.

There is a benefit for the caring of children affected by cancer or another serious illness (*Cuidado de menores afectados por cáncer u otra enfermedad grave*), aimed at parents (including adoptive parents and pre-adoptive or permanent foster parents) who are both working and who reduce their working hours by at least 50% in order to take care of a child affected by those illnesses, which require long-term hospitalization. The right to receive the benefit will only be granted to one of the parents.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTH POLICIES (with the year of acceptance):

Law 27/2011, August 1st - Updating, adaptation and modernization of the social security system (*Ley 27 de 2011, de 1 de agosto, sobre actualización, adecuación y modernización del sistema de Seguridad Social*).

TAS ORDER/1/2007, January 2nd - model of occupational diseases, rules for processing and transmission are dictated and creates a corresponding personal data file (*ORDEN TAS/1/2007, de 2 de enero, por la que se establece el modelo de parte de enfermedad profesional, se dictan normas para su elaboración y transmisión y se crea el correspondiente fichero de datos personales*).

Royal Decree Law 1622/2011, November 14th - amending the Regulation on collaboration of the mutual of accidents at work and occupational diseases of Social Security, approved by Royal Decree 1993/1995 (*Real Decreto 1622/2011, de 14 de noviembre, por el que se*

¹¹⁷ Real Decreto-ley 20/2012 - Disposición adicional decimoctava. Incapacidad temporal en la Administración del Estado.

modifica el Reglamento sobre colaboración de las mutuas de accidentes de trabajo y enfermedades profesionales de la Seguridad Social, aprobado por el Real Decreto 1993/1995)

Royal Decree Law 1630/2011, November 14th - on the provision of health services and recovery by the mutual of accidents at work and occupational diseases regulates Social Security (*Real Decreto 1630/2011, de 14 de noviembre, por el que se regula la prestación de servicios sanitarios y de recuperación por las mutuas de accidentes de trabajo y enfermedades profesionales de la Seguridad Social*)

2.1.3. Healthcare services

The rights to healthcare in Spain were granted to all Spaniards and foreigners in the country under the requirement to be listed in the foreign registry (Article 12 of the Organic Law 4/2000). This implied that anyone registered in Spain, independently of their nationality, had access to public healthcare in the same conditions as Spanish citizens. The Spanish healthcare did not contemplate the exclusion of EU nationals, as the Article 7 of Directive 2004/38/EC on the free movement of Europeans had not been applied. Therefore, any European in Spain would have access to public healthcare with personal identification and the European health insurance card.

From 2012 onwards, two types of health assistance were established by making a difference between emergency assistance and serious illness from other medical conditions not included in the group of severe injury or emergency, where restricted access is maintained. In this way, coverage was limited to those having an insured status¹¹⁸: the employed or self-employed with affiliation to Social Security; pensioners of Social Security; recipients of any other periodic benefit from Social Security, including unemployment benefits and subsidies; the unemployed who have exhausted the unemployment benefits or subsidies and being registered as unemployed and not crediting the insured status by any other title.

The status of membership for social security leaves foreigners in irregular situation without medical coverage. In the case of EU citizens or foreigners holding a residence permit, medical

¹¹⁸ Real Decreto 1192/2012, de 3 de agosto, por el que se regula la condición de asegurado y de beneficiario a efectos de la asistencia sanitaria en España, con cargo a fondos públicos, a través del Sistema Nacional de Salud.

coverage is only available to those who do not have sufficient financial resources to attend private healthcare (Annual income over 100,000€). This includes Spanish citizens and foreigners over 26 who do not meet any of the above four points and have incomes above the statutory minimum set forth above.

How large, if at all, is the citizens' contribution when visiting the public health services (hospitalization, examinations, home visits, dentist)?

The health system is divided into a common package (*cartera común*) which includes assistance procedures for prevention, diagnosis, treatment and rehabilitation as well as emergency transportation; and a supplementary package which includes pharmaceuticals, prostheses, non-emergency transportation and dietary products. The former have no charge for insured citizens but the supplementary package does have a contribution.

The reform set out in Royal Decree-Law 16/2012 modifying the previously existing system of user contributions in pharmacy, establishes different levels of contribution to co-payment of medicinal products and/or medical devices funded by the Social Security. For the hospital pharmacy, medicines dispensed in hospitals are not subject to co-payment, but outpatient pharmaceutical services including medicinal products and/or medical devices that are dispensed for patients by the pharmacy office or service are subject to co-payment at the time of dispensing. Contribution levels for the payment of pharmaceuticals are set according to three criteria: income, age and extent of disease¹¹⁹. The unemployed who have lost the right to receive unemployment benefits, recipients of minimum insertion income and non-contributory pension do not pay contribution charges for pharmaceuticals. Patients with serious illnesses and chronic patients have a reduced contribution of 10% in those drugs and health products with a maximum contribution limit. For the insured beneficiaries contributions are based on income for up to 60% of the cost of pharmaceuticals. Pensioners have a maximum contribution limit per month depending on their income. These limits do not exceed eight euros per month in most cases, and only reach 18€ in a small percentage of cases. For income exceeding 100,000€ the established limit is 60€ per month.

¹¹⁹ Real Decreto 823/2008, de 16 de mayo, por el que se establecen los márgenes, deducciones y descuentos correspondientes a la distribución y dispensación de medicamentos de uso humano.

Some groups are exempt from contribution: people affected by toxic syndromes and people with disabilities in the cases referred to in specific legislation; recipients of social integration income; persons who receive non-contributory pensions; unemployed who have lost the right to receive unemployment benefits; those in treatments derived from accident and occupational disease.

There is also a maximum contribution of 30% for mutual and passive classes. These include Mutual General Civil Servants, the Social Institute of the Armed Forces and General Mutual Judicial.

How long is the maximum waiting-time for a visit in primary health-services, if applicable?

The National Health System is structured into two healthcare levels, primary care and specialist care, in which there is an inverse relationship between accessibility and technological complexity. Primary Care makes basic healthcare services available within a 15-minute radius from any place of residence. The main care facilities are the healthcare centers, staffed by multidisciplinary teams comprising general practitioners, pediatricians, nurses and administrative staff, and, in some cases, social workers, midwives and physiotherapists. Since primary healthcare services are located within the community, they also deal with health promotion and disease prevention. The principles of maximum accessibility and equity mean that primary care also provides home care whenever this is necessary.

The regulation of standards for maximum waiting times is determined at the regional level, but it does not include primary health-services as it focuses on diagnostics and specialized care where the most important limitations occur. According to a consumers' study,¹²⁰ only 43 percent of citizens get an appointment overnight with their assigned family doctor. The rest wait between two and seven days, according to the survey. The study shows significant differences between regions; three out of four patients in Navarra and La Rioja wait, at most, a day for their appointment with the doctor, while 20 percent of Catalans have to wait more

¹²⁰ Survey by the *Organización de Consumidores y Usuarios* to 4.003 users between 18 and 74 years, field study between September and October 2013. In: <http://www.ocu.org/organizacion/prensa/notas-de-prensa/2014/encuesta-sanidad-publica>.

than one week. Users also reported on the time spent in the waiting room before getting primary attention. By region, more than 50 percent wait for only 15 minutes in the Basque Country, while one in five is served two hours after entering the office in Extremadura.

2.2 Elderly care

2.2.1 Retirement age and eligibility

What is the retirement age for men and women, and are there any differences across the type of work done?

Contributory retirement pensions for those who are registered with a social security scheme or are in an equivalent situation (e.g. involuntarily unemployed), who have paid social security contributions for at least 15 years - two of them in the 15 years immediately preceding their retirement - and who retire from employment, entitlement to a contributory retirement pension (*pensión de jubilación*) depends on age and contributions to the pension fund. The basic requirement since January 1st, 2013 is being 67 years old or 65 years with at least 38 years and six months of contributions. Changes have been established to be applied gradually as presented in Table 3.

Table 3: Changes in the retirement age

Year	Contribution period	Reirement Age
2013	35 years and 3 months or more	65 years
	Less than 35 years and 3 months	65 years and 1 month
2014	35 years and 6 months or more	65 years
	Less than 35 years and 6 months	65 years and 2 months
2015	35 years and 9 months or more	65 years
	Less than 35 years and 9 months	65 years and 3 months
2016	36 or more years	65 years
	Less than 36 years	65 years and 4 months
2017	36 years and 3 months or more	65 years
	Less than 36 years and 3 months	65 years and 5 months
2018	36 years and 6 months or more	65 years

	Less than 36 years and 6 months	65 years and 6 months
2019	36 years and 9 months or more	65 years
	Less than 36 years and 9 months	65 years and 8 months
2020	37 or more years	65 years
	Less than 37 years	65 years and 10 months
2021	37 years and 3 months or more	65 years
	Less than 37 years and 3 months	66 years
2022	37 years and 6 months or more	65 years
	Less than 37 years and 6 months	66 years and 2 months
2023	37 years and 9 months or more	65 years
	Less than 37 years and 9 months	66 years and 4 months
2024	38 or more years	65 years
	Less than 38 years	66 years and 6 months
2025	38 years and 3 months or more	65 years
	Less than 38 years and 3 months	66 years and 8 months
2026	38 years and 3 months or more	65 years
	Less than 38 years and 3 months	66 years and 10 months
Since 2027	38 years and 6 months or more	65 years
	Less than 38 years and 6 months	67 years

Source: Article 7. Modification of the retirement age - Real Decreto-ley 5/2013, 15th March

Spain has a special regime for public officers belonging to the Spanish General Regime of Social Security, and those in the *Régimen de las Clases Pasivas*. This special regime is only valid for public officials who started before 2011. The regime applies for career officials in the State Administration, Justice Administration, Parliament and other constitutional or state organs if their legislation so provides, Armed Carer, navy, army and navy. It includes three types of retirement: voluntary retirement for those under 65 and over 60, forced retirement at 65, extended retirement for people from 65 to 70 years, and permanent disability retirement.

Additionally, there are three special regimes for self-employed, coal miners and workers at sea, as of 2012 when domestic workers were merged into the general regime. These regimes have particular conditions for contributions and benefits¹²¹.

*Is there an option for early retirement, in what conditions?*¹²²

Early retirement is restricted to workers in occupations which are classified as arduous, toxic, unhealthy or hazardous (coal miners, railway workers, flight crews and sea workers); for persons with a degree of incapacity of 45% which imply a reduction in life expectancy; or to some cases of 65% or more incapacity. Persons in these circumstances may retire on full pension before the legal age of retirement.

However, Spain also has a flexible pension scheme, under which persons receiving retirement pensions can work part-time (between 25 and 50% of a working day), in which case their pension will be reduced proportionally. Workers are entitled to a partial pension (*pensión de jubilación parcial*) from the age of 61 and one month and until they reach the generally recognized retirement age if they have concluded a part-time employment contract with their employer, reducing their working hours and salary by between 25 and 50 percent; or in cases when the employer simultaneously concludes a bridging contract with a job-seeker, whose working time must be compulsorily insured until the retirement date of the worker he is replacing (this is not necessary when the partial retiree has reached the legal age of retirement).

Persons who paid into a private pension plan before 1967 may retire at the age of 60 with a proportionally reduced pension and workers who have paid 33 years of contributions, and have been registered for six months with an employment agency and who are involuntarily unemployed, may apply for a reduced pension four years before the legal age of retirement. Persons who have paid 35 years of contributions and have the right to a pension exceeding the minimum pension amount, may retire voluntarily two years before the legal age of retirement.

¹²¹ All the details are presented in http://www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Jubilacion/RegimenesEspeciales/index.htm#6141.

¹²² This section follows the interpretation of the laws made by the European Commission of social security rights in Spain. In: http://ec.europa.eu/employment_social/empl_portal/SSRinEU/Your%20social%20security%20rights%20in%20Spain_en.pdf.

2.2.2 Retirement benefits

How large is the old-age pension? Give the absolute average measure of old-age pension and describe how it is in general calculated. Report also the minimum pension, if applicable.

Non-contributory old-age pensions are intended for elderly persons living on low incomes who have never paid social security contributions, or have not reached the minimum time or amount of contribution to eligible for a contributory pension. They have to meet three conditions: being 65 years of age or over; being a resident in Spain and having been resident in Spain for at least ten years between his or her 16th birthday and the date of retirement, including the two calendar years immediately preceding the date of the application; having an income below 5,122.60 € per year and a family income that depends on the number of persons and the degree of relationship.¹²³

All retired persons in need are granted cash benefits, free medical and pharmaceutical care and supplementary social services, even if they have never paid social security contributions or have not done so for long enough to entitle them to a contributory pension.

Is there a measure of a means-tested benefit for pensioners with incomes below a given threshold (minimum vieillesse), if yes, specify the threshold (relative to average income in the country).

Means-tested benefits are intended to persons with insufficient means; that is a total annual income less than 5,108.60 € (A 31% of an average annual income of 16,500 € for 2013). This amount is adjusted according to the size of the household (when the beneficiary lives with other persons, whether they are beneficiaries or not, in the family up to the second degree).

The pension is calculated on an annual basis (364.90 € per month with 14 payments, i.e. 5,108.60 € per year). If there is more than one beneficiary in the household, the amount for each beneficiary is calculated as the result of dividing by the number of beneficiaries by the sum of the pension plus 70% of the pension, multiplied by the number of beneficiaries minus one. The beneficiary's annual income or revenues must not exceed the yearly amount of the

¹²³ As determined in Ley 26/1990, de 20 de diciembre, por la que se establecen en la Seguridad Social prestaciones no contributivas, sobre rentas o ingresos computables y su imputación (BOE del 20 de noviembre).

non-contributory pension by more than 35%. If this is the case, the non- contributory pension should be reduced accordingly. Nevertheless, the pension amount may not be below one quarter of the full pension sum (i.e. 1,277.15€ per year).

2.2.3 Elderly care services

Is there any public elderly care (residential home for elderly, nurses' assistance at home)? If yes, how large is the required co-funding?

Public elderly care in Spain is directed at persons who lack physical, mental, intellectual or sensorial autonomy due to age, disease or incapacity, and requires assistance from another person to carry out essential daily activities. These people are entitled to long-term care benefits under multiple forms of assistance in the home of the dependent person as well as cash benefits where no service supply is available. Some beneficiaries are also entitled to tele-assistance and preventive measures.

Attendance at day and night-care centers is provided as a form of semi-residential care. The duration and the type of care depend on the individual needs of the beneficiary. Residential long-term care is provided in special institutions, mainly old-age homes and centers for the disabled. In some cases, beneficiaries are required to cover part of the service costs, depending on the type and cost of the service and on family income.

The conditions vary between Autonomous communities. Public funding is generally reserved only for those who have been rated as a Grade II Dependants or III (severe, high dependency, respectively) by the local Governments. Those who are eligible for government funded residences face long waiting lists due to the demand (several years depending on the region, although the demand has fallen as a result of the crisis) and have to contribute a co-payment depending on income. Publicly-financed care homes can normally cater for relatively large numbers of people and they usually offer single rooms to residents, with communal lounges and dining rooms. Co-funding a place at a public care home costs € 1613¹²⁴ which is the

¹²⁴ This figure is the national Average estimated in the Observatorio del sector de atención a la dependencia en España in June 2014 based on public statistics from the SISSAAD (Sistema de información del SAAD).

equivalent of 80% to 90% of a pension to cover the costs, depending on the autonomous community.

In Madrid, families are increasingly opting to receive social assistance in their own homes rather than entering nursing homes. The number of users of home assistance increased by 14.5% from 2012 to 2013. Social workers and pensioners associations link this growth to the abandonment of many places in homes because of the crisis, as the home care is cheaper than admission to a center.

Elderly care also includes concerted centers and public financing of private homes, as well as day care centers (private or public) which provide in the cases where the dependent person needs to wait in a list to enter a residence. Private residential care costs vary between 1,700 and 3,500 € a month. These fees are out of the reach of most Spanish elderly as the average monthly pension is under 700 € depending on the region.

How long is the maximum waiting time for a place in residential home for elderly?

The inclusion of patients with low care needs into the system has been delayed in order to focus the services and benefits now being offered on high-need patients (Reino de España, 2013). The period of time granted to the autonomous regions for processing a case and deciding on a patient's need for assistance is six months. And whereas assistance was originally granted retroactively at the end of this period, this right was abolished by Decree 08/2010 for the six-month period (Moran, 2012). The timeliness in the recognition of the right has improved has an average delay of 219 days, more than a month over the six months period. It is also extremely variable among autonomous communities with nine (out of 17) violating the statutory deadlines which generates serious inequalities depending on the territory of residence. Six regions report that their delays are not derived because of an underperforming system but from the lack of sufficient funds to finance benefits. The delays in the assessment of the users are not the only delay, as 20% of users who have been recognized their rights are also waiting for the provision of services.

Does the right for these forms of care differ on basis of citizenship or residence?

Elderly care is provided to Spanish citizens who have legally resided in Spain for at least five years, two of whom must immediately precede the date of submission of the application. Returned Spanish emigrants may also be entitled. Elderly care services have been reduced via budget allocation since 2007 as indicated by Waldhausen (2014):

“With the introduction of the Care Act, the budget for care services expanded continuously between 2007 and 2011. This changed starting in 2011 with a cutback of expenditure on care by 5.2% (EUR 1,498 million) (Patxot 2012, p. 18). The ‘National Reform Programme for 2013’, which the Spanish Government presented to the European Commission, estimates the savings generated by the reforms at € 599 million in 2012 and approximately EUR 1,108 million in 2013 (Reino de España, 2013). This represents a significant proportion of the annual expenditure for the Care Act, which totals approximately €6,000 million (Sust. 2013). In the National Reform Programme, the government announced further changes that would enable it to achieve the savings planned under the programme for 2013. For instance, co-payments to be made by the recipients of social services will rise by some 5%. This increase will be phased in progressively over the next three years”. (Waldhausen, 2004: P.4)

2.3 Care of disabled people

In 2006 a System for Autonomy and Care for Dependency (SAAD) was created (Law 39/2006, December 14th), establishing a new citizenship right to warrant the attention and care of disabled people. The catalogue of services in the SAAD comprises social services to promote personal autonomy and care to dependence with services that include the prevention of dependency situations and promotion of personal autonomy; distance care services; home care services; care centers day and night and residential care. The services provided financial benefits for home care service, day and night centers and residential care services; the provision of personal assistance and economic benefits for care in the home environment and support carers.

2.3.1 Disability pension and care

Who is eligible for disability pension and care? Do residents and non-residents have the same rights?

Eligibility for disability pension and care is restricted to Spanish citizens who meet the following requirements: being in a situation of dependency in any of the established grades; being a resident in Spanish territory and having done so for at least five years, including the two calendar years immediately preceding the date of filing; for children under five years the residence period requirement is applicable to the person who is in custody.

Non-Spanish nationals are governed by the provisions of Organic Law 4/2000, January 11th on the rights and freedoms of foreigners in Spain and their social integration, in international treaties and in conventions established with each country of origin. For children who do not have Spanish nationality the decision is subject to the provisions of Minor Acts, both at the state and regional level as well as in international treaties.

The assessment of the dependence is determined by a scale which determines three possible degrees, depending on the individual autonomy and the intensity and type of assistance needed by another person (Royal Decree 174/2011, February 11th). Once the situation of dependency is established, the social services offices in each autonomous community determine an individual care program (PIA) with specific details on which intervention methods are appropriate to the needs. This process encourages the engagement in consultation and, where appropriate, choice between the alternatives proposed by the beneficiary and, where applicable, their family or representatives. The competent authority dictates a resolution establishing both the degree of dependence as the service or economic benefit that will be recognized.

2.3.2 Benefits

How large is the disability pension? Give absolute average measure and relative to the prior salary (if applicable).

Disabled persons receive a cash benefit for personal assistance. The amount depends on the degree of recognized dependence and family income. For 2014 it ranged between 300 and 715 € per month. Additionally, in the case of home care, the benefit is twofold. On the one hand, the dependent person receives an economic benefit to offset the costs of care in the family environment. The amount depends on the degree of dependence and on the family income. Thus, for 2014, the provision can range from €153 to €387.64 per month. On the other hand, the non-professional carer has a special agreement in the contributions to social security.

In the case of disabled residents, non-contributory invalidity pension (*pensión de invalidez no contributiva*) include free medical and pharmaceutical care and supplementary social services, even if they have never paid social security contributions or have not done so for long enough to entitle them to a contributory pension. The pension is calculated on an annual basis (€364.90 per month; 14 payments, i.e. €5,108.60 per year). If there is more than one beneficiary in the economic unit, the amount for each beneficiary is calculated as the result of dividing by the number of beneficiaries the sum of the pension plus 70% of the pension, multiplied by the number of beneficiaries minus one. The beneficiary's annual income or revenues must not exceed the yearly amount of the non-contributory pension by more than 35%. If this is the case, the non-contributory pension should be reduced accordingly. Nevertheless, the pension amount may not be below one quarter of the full pension sum (i.e. €1,277.15 per year). When the degree of invalidity is 75% or more, and assistance from other persons to perform the most essential basic functions is required, the pension amount is supplemented by 50% of its value.

The most important changes in disabled care benefits since 2005 are the introduction of contributions in 2012 with the Austerity Package in the Real Decreto-ley 20/2012. Non-contributory services to disabled persons were limited by establishing upper limits to income (in 2012 it was 532€ per month). Contributions were established to be progressive up to 90%

of the cost of service. Furthermore, the estimation of the ability to pay started to consider wealth and not only income.

2.3.3 Services

Is there a public care (residential house, home assistance) for disabled people? How large is the required co-financing? Is there a regulated maximum waiting times for a place, if yes, report how many months? Is there an option for home-care, if yes, how this is regulated/compensated?

The option for home care is an exceptional case in which the beneficiary is taken care by their families. An economic benefit for care in the family environment may be recognized by the autonomous community when a number of conditions are met. In this sense, caring for people in situations of dependency at home, by people in their family or environment should be understood as informal care and not as a service.

2.4 Poverty measures

2.4.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for poor (e.g. allowances for heating, electricity, food)? Please list only means-tested measures and follow a structure: the name of the instrument; who is eligible; what exactly one is entitled to receive (e.g. financial aid, a service based on caseworker's discretion).

Public social aid includes housing allowances, social wages (*renta de inserción mínima*) and food subsidies for children at school. Housing allowances are aimed at easing the cost of the rent for those who are entitled to a non-contributory old-age or invalidity pension; do not own a home; and are not a third degree relative of the owner. Housing allowance amounts to € 525 per year.

In Spain there is no law concerning social wages at the state level, so the autonomous communities have developed parallel systems of "promotion and assistance to social groups in need of special care" (Decree 147/2002:4). They have established basic income allowances (*Rentas mínimas de inserción*) as part of the services and benefits in the fight against poverty and social exclusion, with eligibility criteria and allowances varying between regions. The allowance is conditioned to the available budget in accordance with the provisions approved annually by the various regional parliaments. This introduces an element of instability and uniqueness of the measure, preventing basic income allowances to be a real individual right which can be accessed by any person who fulfils the eligibility requirements (age, residency, insufficient income, etc.). Those who are entitled to any benefits from Social Security are not eligible for basic income allowances.

Eligibility criteria change between communities according to their inclusion criteria and the minimum wage in each community. However, they share basic principles. Individuals or families are eligible if they have an income lower than 555€ on average. Age and residence are additional requirements as individuals need to be in the age group between 25 and 65 years. The lower limit addresses the fact that most of the individuals under this age are part of another home (although this is revised case by case) and the upper limit reflects the fact that individuals over 65 years should receive a benefit, contributory or non-contributory, so they are already covered. Regarding the residency requirement, it exists in all regions, but the periods vary between six months and three years, with most cases being one year of residence at least.

The benefit ranges between 400 and 500 euros per month, although the average annual amount received by beneficiaries between 2007 and 2011 in all the autonomous communities is 3,950 euros per year (Fuenmayor, 2012).

2.4.2 Benefits and services

What anti-poverty measures are there and how large are they? Give absolute measures and relative to the average salary (if applicable). Also list non-financial benefits like housing, service for homeless, food-aid, etc.

Anti-poverty measures that are non-means-tested in Spain include the provision of shelters for homeless people or for those going through a situation of need. They provide housing, food, clothing and hygiene, as well as other services for strengthening personal skills according to the needs of each person, individually valued by professionals. These programs are led by the autonomous communities or local governments, but in some cases they are restricted to adults, people who have low incomes or those who are registered in the local census. The provision by third-sector organizations has outnumbered government provision of shelters, as well as food banks.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES (with the date of acceptance):

Royal Law Decree 16/2012, April 20th - urgent measures to ensure the sustainability of the NHS and improve the quality and safety of its services (*Real Decreto-ley 16/2012, de 20 de abril, de medidas urgentes para garantizar la sostenibilidad del Sistema Nacional de Salud y mejorar la calidad y seguridad de sus prestaciones*).

Royal Law Decree 20/2012 - measures to ensure fiscal stability and promoting competitiveness (*Real Decreto-ley 20/2012, de medidas para garantizar la estabilidad presupuestaria y de fomento de la competitividad*). National Reform Programme of Spain 2013 (*Programa Nacional de Reformas de España 2013*).

3. Taxation and policies in respect of housing

3.1 Taxation

3.1.1 Consumer taxation

How large is the VAT, energy (electricity) tax, gasoline and diesel tax, and the tax for the oil used for heating the homes?

The standard VAT rate is 21%, the reduced rate is 10% and the super-reduced rate is 4%. The rates were first increased on 1st July 2010 from 4%, 8% and 16% to 4%, 8 % and 18%. Both rates were further increased on 1st September 2012 (to 10 % and 21 %) (Eurostat 2014). Additionally, some products and services were from one tax rate to the other. Regarding the housing sector, repair works in housing were moved from the standard to the reduced rate in from 2010 onwards. Similarly the acquisition of new or refurbished residencies was temporarily moved from the reduced to the super-reduced rate from mid-2011 until the end of 2012.

LIST OF REGULATIONS/LAWS THAT AFFECT VAT

Law 26/2009 - State Budget for 2010 (*Ley 26/2009 de Presupuestos Generales del Estado para el año 2010*).

Royal Law Decree 6/2010 - Measures to boost economic recovery and employment (*Real Decreto-ley 6/2010 de medidas para el impulso de la recuperación económica y el empleo*)

Fourth transitional provision of Royal Decree-Law 9/2011 fifth and final provision of Royal Decree 20/2011 (*.Disposición transitoria cuarta del Real decreto-ley 9/2011 y Disposición final quinta del Real decreto-ley 20/2011*).

Royal Law Decree 20/2012 measures to ensure fiscal stability and promoting competitiveness (*Real Decreto-ley 20/2012 medidas para garantizar la estabilidad presupuestaria y de fomento de la competitividad*).

3.1.2 Income tax and exceptions

What is the lowest taxable annual income and are there any exemptions, which kinds?

Since 2007 Spain has an imperfect dual PIT system, in which income from savings and capital gains from financial assets are taxed at a different (lower) rate than other sources of income. The number of income brackets and their tax rate has changed several times from 2007 to 2014. Autonomous communities can increase the PIT rate for their citizens to contribute to the funding of their regional government.

In 2007 general income taxes were established on four brackets (24%, 28%, 37%, 43%). Savings and capital gains from financial assets were taxed at a flat rate of 18%. In 2011, additional tax bands with higher rates were introduced for top earners (45% for incomes over €120,000 and 47% for incomes over €175,000). Additionally the tax on income from savings and financial assets changed towards a progressive tax with two brackets (19% up to €6,000 and 21% for higher incomes). Also, some deductions such as the €2,500 tax break for families having children were repealed. In 2012 a further reform was introduced. A new tax brackets for general incomes over €300,000 was added and the rates for all the brands were increased. The lower tax brand was taxed at 24.75% (increasing by 0.75% and the top brand at 52% (increasing by 7%).

The effective tax rates though were significantly lower as there were a variety of deductions and tax credits in place. These were due to being in the lower income brackets, having dependent children, acquisition of primary residence, or starting a new business.

In June 2014 a new fiscal reform has been introduced, which reverses the trend started in 2007. It reduces the tax rates and the overall progressivity of the system. From 2015 the number of tax bands will be reduced to five. The top tax brand will apply to all general incomes over €60,000. Additionally, the tax rates will be reduced for all the brands. The lower brand will be taxed at 20% and the top one at a 47%. On the other hand, progressivity will be increased for income from savings and financial assets. A new brand will be introduced for incomes over €50,000. The rates will be 20%, 22% and 24%. Finally, a tax break for the first €12,430 is expected to be introduced by autumn 2014. On the other hand, the reform reduces

significantly a variety other of the deductions and tax breaks. For instance, the tax break for the acquisition of primary residence is finally repealed after having been temporally repealed and reintroduced since the beginning of the crisis.

LIST OF REGULATIONS/LAWS THAT AFFECT INCOME TAX

Law 35/2006 of Income Tax of Individuals and partial modification of the laws of the Corporation Tax on Non-Resident Income and Wealth (*Ley 35/2006 del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*).

Law 39/2010 of State Budget for 2011. (*Ley 39/2010 de Presupuestos Generales del Estado para el año 2011*).

Royal Decree-Law 20/2011 of urgent budgetary, tax and financial matters for the correction of the deficit. (*Real Decreto-ley 20/2011 de medidas urgentes en materia presupuestaria, tributaria y financiera para la corrección del déficit público*).

3.1.3 Inheritance tax

How large is the tax and what exemptions are there?

Inheritance tax in Spain is imposed on the recipient of the estate. The tax is enacted by autonomous communities, and there are significant variations in the tax rates and exemptions between them. Several autonomous communities have quasi-repealed the tax by applying 99% deductions. In the others the tax rate is case-sensitive as it varies significantly depending on a) the value of the inheritance; b) the family relation between the parts c) the nature of the inherited good and d) the previous wealth of the inheritor.¹²⁵

In Madrid, the top rate would be paid by a person non-related to the deceased, inheriting over €790,000, and with a previous wealth over four million euros. The rate would be 0.81%.

¹²⁵ http://ec.europa.eu/taxation_customs/resources/documents/common/consultations/tax/2010/08/inheritance_taxes_report_2010_08_26_en.pdf.

3.1.4 Real estate tax

How large is the tax on private individuals' owned houses or apartments? Are there any exemptions and which kinds?

“Spain restored temporarily the wealth tax for 2011, 2012, 2013 and 2014, with two main changes compared to the former version: The value up to which dwelling houses are exempt was doubled up to a value of EUR 300 000, and the general tax-free amount increased from around EUR 108 000 to EUR 700 000” (Eurostat, 2014:p. 149) There are eight tax brackets ranging from 0.20% to 2.5%.

3.2 Rights related to mortgage loans or unpaid rent

What happens if the owner of a house/ apartment is unable to meet their payment commitments? Are there any regulation of evictions?

Under Spanish law, people must continue to pay off their mortgages, complete with interest, late fees, and court fees even after they have been evicted and their home – whose value is appraised by the bank – has been repossessed. Banks have the right to auction houses in foreclosure. If they have no success selling, the bank can take ownership of the property for 50 percent of its value, according to the estimate either at the time of purchase, or at the current time, depending on what the mortgage specifies. The banks then have 15 years to go after the homeowner.

Changes in legislation as a reaction to the mortgage crisis did not arrive until 2011, forced by the announcement of the Judiciary informing about the 400,000 mortgage enforcements and evictions taking place since 2007.

The legal reforms included changes to deal with evictions and bad banking practices. In 2011:

“The minimum amount of household income per month unable to be seized by creditors was increased to an average of €1,200 (called the minimum unenforceability threshold). In

*addition to this, banks were forced to take a mortgaged property if public auction was unsuccessful and, as a consequence, were also forced to reduce the amount due by the borrower by 60 percent - increasing in 2013 to 70 percent. All Spanish mortgages are recourse mortgages, except if otherwise agreed by the parties. In 2012, a code of good practice was accepted by the majority of banks – the measures of which were not deemed very burdensome – compelling them to accept forced acquittances, delays or even the *datio in solutum* in cases of mortgages defaulted by people in need. Moreover, a pool of several thousand dwellings was created for social rented housing, instead of using the properties transferred to the newly created ‘bad bank’ (Sareb) for this purpose. Unsurprisingly, the bad bank is obliged by law to speculate with unsold properties belonging to partly nationalised banks (e.g. Bankia, CatalunyaCaixa) and to sell them for profit in 15 years in packages, mainly to international investment funds. Also in 2012 a moratorium of mortgage enforcements against people in need was introduced, which finishes by late 2014”.* (Nasarre-Aznar 2014:p. 1)

The European Court of Justice ruled on March 2013 that evictions carried out in Spain under harsh property repossession laws violate EU consumer protection laws. The Court argues that Spain's laws contravene EU laws because they do not allow national courts to stop evictions taking place due to possible unfair terms in mortgage agreements. This brought responses from local governments immediately. By April 2013, the Junta de Andalucía (Regional Government of Andalusia) decreed “the temporary expropriation of homes owned by banks from which vulnerable families have been evicted and a system of penalties for banks that own homes and do not rent them out” (Romanos, 2013: p. 300). Nationalist parties in the governments of Catalonia and the Canary islands have followed in moving toward similar measures to those taken in Andalusia.

On June 11th 2013, the European Parliament approved a report which asked Member States to provide alternatives to eviction and to allow the possibility of relief and deed in lieu of foreclosure (*dación en pago*) for families faced with bankruptcy; in other words, to prevent evicted families from being burdened with mortgage payments and enable them to make a fresh start. The Autonomous Parliament of Catalonia unanimously approved a proposal to legalize relief and deed in lieu of foreclosure; however, on February 12th 2014 the proposal was rejected by the lower house of the Spanish Parliament. The International Monetary Fund

and the European Central Bank have pointed out that Spain has only gone half-way in taking steps to halt evictions and give the families involved a second chance. At present, when a bank repossesses a property because the owner is unable to pay the mortgage, the latter loses the property but is still liable for the mortgage payments. In December 2013, the European Parliament approved the Mortgage Credit Directive, which contains measures to enforce EU rules that will ensure home buyers across the EU are fully informed of the real costs of taking on a mortgage, and properly protected against the worst risks.

Spanish legislation on eviction was changed as a result of the crisis aiming to enhance the protection offered to borrowers (Royal Decree Law 6/2012 on urgent measures for protecting mortgage borrowers without resources and Law 1/2013 on measures for reinforcing the protection of mortgage borrowers, debt restructuring and social rent). The measures entailed in these statutes have eligibility criteria based on risk-of-exclusion and they are conditioned on the lending entity being voluntarily registered in the Code of Good Practices for financial institutions for defaulters to be able to implement most such measures. The new law delays eviction for two years for low-income families who meet certain standards of vulnerability. It also forces banks to renegotiate the debt and agree to a discount of 35 percent if the homeowners pay off the loan in five years and 20 percent if they do so in 10 years.

What happens if a person renting the house/apartment is unable to meet their payment commitments? Is there any regulation of evictions?

Spain's Tenancy Act, or LAU, lays out the general legal framework for all rental contracts in Spain drafted after the first of January 1995. This law sets out the legal obligations for both landlord and tenant.

In 2011, changes related to the possibility of getting evicted tenants who do not pay rent or break the lease on the other significant points were implemented in the Spanish Civil Procedure Act (Law No. 37 of October 11th). Law 4/2013 of Measures to Increase the Flexibility and Foster the Rental Market streamlined eviction proceedings. The new eviction process is called express eviction (*deshaucio express*) and although it rests as well on legal action in the courts, it provides three possible solutions for the tenant: voluntarily moving out from the property; paying the due debt to the landlord; going to Court to oppose the landlord's

claims, with a conditional deposit of the entire amount in dispute into a Judicial account while the case is pending.

If there is no response within 10 days, the court approves the eviction with the help of the police. This process does not have an additional opportunity for claims by the tenant, but the landlord can ask for a revised decision on the amount of the debt including interest and costs of the case. The parties have six days to appeal the Court decision, and the tenant can only appeal when making a deposit for the rent incurred during the process. The changes make deadlines shorter, as the police intervention to evict the tenant takes place immediately if the tenant does not respond or simply fails to pay.

3.3 Social housing

*Is there an institution of social housing and who are eligible to stay there, for how long time period?*¹²⁶

The right to housing is guaranteed by the Spanish Constitution under the figure of publicly protected housing (*Vivienda de Protección Pública*). In contrast to social housing models in most EU countries, housing is provided almost entirely for owner-occupation. Only a small proportion of this housing is offered for rent. Social housing policy was not aimed at creating a pool of social housing managed directly by the public administration or by not-for-profit bodies, but to the construction and direct sale of social housing. The main characteristic of protected housing is that construction, renovation and buying are subsidized by the state through reduced interest loans to providers. In exchange for this, houses complying with a number of conditions concerning size and quality are sold or let at prices below market to people with revenues below certain income ceilings.

Protected housing is mainly financed through funding from the National Housing Plan and to a lesser extent from regional plans as well as borrowing from private credit institutions. The state stipulates agreements with credit institutions, which commitment to providing loans at

¹²⁶ The following section draws heavily from the country profile provided by the European Federation of Public, Cooperative & Social Housing - <http://www.housingeurope.eu/resource-124/social-housing-in-europe>.

favorable conditions. Besides access to favorable loans, protected housing in some cases can also benefit from direct public aid in form of grants or subsidization of loans.

On the basis of income distribution and depending on the type of social housing, over 80% of households virtually have access to this type of housing. Eligibility criteria to buy, get allocated, or build houses for personal use, include: not owning or having a permanent right to use another house; no previous financing from the Housing Plan over the previous 10 years; having an income below certain levels. Disabled people and dependent persons have the priority, and the regional governments can establish other types of requirements. In some Spanish regions, subsidized owner-occupancy housing is now considered as a separate and permanent tenure category, and not as a temporal subsidy arrangement.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT TAX & HOUSING POLICIES: (with the date of acceptance):

Royal Decree-Law 20/2011, of urgent budgetary, tax and financial matters for the correction of the public deficit. (*Real Decreto-ley 20/2011, de medidas urgentes en materia presupuestaria, tributaria y financiera para la corrección del déficit público*).

Royal Decree-Law 8/2011, of measures to support mortgagors (*Real Decreto-Ley 8/2011, de medidas de apoyo a los deudores hipotecarios*).

Royal Decree-Law 6/2012, of March 9, urgent measures to protect mortgage borrowers without resources (*Real Decreto-Ley 6/2012, de 9 de marzo, de medidas urgentes de protección de deudores hipotecarios sin recursos*).

Royal Decree-Law 27/2012 on urgent measures to strengthen the protection of mortgagors measures. (*Real Decreto-Ley 27/2012, de medidas urgentes para reforzar la protección de los deudores hipotecarios*).

Law 1/2013 on urgent measures to strengthen the protection of the debtors, debt restructuring and social rent measures. (*Ley 1/2013, de medidas urgentes para reforzar la protección de los deudores hipotecarios, reestructuración de deuda y alquiler social*).

4. Family policies and costs of education

4.1 Maternity/parental leave

4.1.1 Eligibility and flexibility

Who has the right to take maternity/parental leave, and for how long a time? Could it be combined with part-time working?

The situations that entitle for maternity leave in Spain include biological motherhood, adoption and simple foster care (both pre-adoptive and permanent) for more than a year, under the Civil Code, as well as provisional placement for minors under six years. In the cases of ages from six to 18, maternity leave is entitled when special difficulties to join the family are in case (difficulty may be caused by physical condition, mental or sensory, or personal circumstances and experiences, or come from abroad and the adoption must be supported by social services).

The mother has a right to 16 weeks of leave, with the six weeks immediately after delivery being mandatory. In the case of the other parent, the mother can share the other 10 weeks and decide the beginning of the leave. The other parent can take the leave simultaneously or successively with the mother, including the period of the first six weeks. Part-time work can also be arranged with the employer. The period is extended in case of premature birth or the child being hospitalized. Two additional weeks per child are granted from the second child in case of multiple births, or an additional two weeks in the event of disability of the child. In order to be eligible for maternity leave, the parent has to be enrolled in the social security registry as a worker or in a similar situation (unemployment, disability), credit minimum contribution periods that depend on age, for example from 26 years: 180 days in the last seven years and 360 days throughout working life.

Additionally to paid benefits, parents are entitled to a non-paid leave for up to three years. This is a non-paid leave in which the job position is held for up to 12 months and the time of leave is registered as if the worker had contributed to the Social Security. This means that when applying for retirement benefits, permanent disability, death and survival, or parenthood benefits, the time of leave is considered as fully active. Maternity leave provisions are applicable regardless of sector and type of contract in Spain, but many pregnant women in

temporary contracts do not have their contracts renewed nor are they offered an indefinite contract in the private sector (Lapuerta, 2012).

4.1.2 Benefits

How large is the payment when the person is on maternity/parental leave? Give the absolute average measure and relative to the prior salary (if applicable).

Contributory paternity allowance is provided for 13 days (20 days in certain cases). It may be prolonged for two extra days per child in the event of multiple births, adoption or foster care placement. From the 1st of January 2014 the duration of the paternity leave will be extended to four weeks.

Maternity and paternity daily allowances are paid throughout the period of entitlement and amount to 100% of the calculation basis. The latter is determined as a result of dividing the contribution base of the month prior to the date of the leave by the number of days corresponding to this contribution. Non-contributory maternity allowance (*subsídio por maternidad de naturaleza no contributiva*) is provided for 42 days (or 56 days in certain cases). It corresponds to 100% of the IPREM (Public Income Rate of Multiple Effects, *Indicador Público de Renta de Efectos Múltiples*).

The benefit for risk during pregnancy is calculated daily and paid from the day the beneficiary's contract is suspended for that reason and continues for as long as it remains suspended. The amount is 100% of the calculation basis, which is the same as for sickness in case of accident at work and occupational disease.

The amount of the benefit for risk while breastfeeding is 100% of the already mentioned calculation basis. An important change introduced to parental leave benefits in the 2012 labor reform was the removal of incentives established since 2006 for reintegration contracts of women after maternity leave. Since the Real Decreto-ley 3/2012 employers are not entitled anymore to an annual discount of 1,200 euros, 100 euros a month for four years after the effective reinstatement of women to work.

4.2 Child allowance

The state recognizes allowances for childcare in order to prevent, repair or overcome situations of need leading to a loss of revenue or excessive expenses. Grants to families include several benefits: economic benefits for birth or adoption; allowances for child or fostered child under 18 or children with disabilities to a degree equal to or greater than 33%;

Non-paid leave

4.2.1. Eligibility and flexibility

All Spanish citizens and foreigners with Spanish residence are eligible for child allowances, provided that they do not receive any other periodic benefit from Social Security and that they do not have an income above the established limits¹²⁷ (Annual income of 12.494,91 € for one son).

To qualify for child allowance for children under 18, it is mandatory not to exceed an income limit (11,519€ in 2014 for one child and it can be 15% higher for each child after the second). In the case of children or foster children with disabilities the only criteria is to prove a degree of disability equal or greater than 33%.

4.2.2 Benefits

Economic benefits for birth or adoption are paid in a lump sum for the birth or adoption of children. The payments vary in cases of large families, single-parent and women with disabilities; multiple birth or by adoption. The benefit is estimated on behalf of the number of children born or adopted, and the minimum wage (for 2014 the benefit is 1,000€ for one child, 2,581€ for two, 5,162€ for three and 7,743€ for four or more).

The annual benefit is €291 for families with lower incomes than the established maximum, and a variable amount starting at 24.25€ for families with earnings higher than the limit. In

¹²⁷ http://www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Prestacionesfamilia10967/PFN1/097735#097735.

the case of disabled children, the allowance is 1,000€ per year per child or fostered, in the event that there are under 18 and have a disability equal to or greater than 33%.

The most important change in benefits for child allowances since 2005 was the elimination of a 2,500 euro government subsidy for families with new babies (*cheque-bebé*) in 2010. This measure had been implemented in 2007 with the sole condition of the baby being born in Spain and the parents having lived in Spain for two years before the birth (Ley 35/2007, 15th November).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE POLICIES

Law 35/2007, November 15th - Deduction for birth or adoption Income of Individuals and sole economic benefit to pay the Social Security for birth or adoption (BOE 11/07/16 establishing No. . 275). (*LEY 35/2007 de 15 de noviembre, por la que se establece la deducción por nacimiento o adopción sobre la Renta de las Personas Físicas y la prestación económica de pago único de la Seguridad Social por nacimiento o adopción (BOE 16-11-07 núm. 275).*)

Royal Legislative Decree 3/2000, June 23rd - Revised text of the legal provisions on special social security scheme of staff working for the Administration of Justice approved, contained in Articles 12.1, g) and 21.4, b) the economic benefit single payment for childbirth, providing that has the same contents as the General System of Social Security. (*Real Decreto legislativo 3/2000, de 23 de junio, por el que se aprueba el Texto Refundido de las disposiciones legales vigentes sobre el Régimen especial de Seguridad Social del personal al servicio de la Administración de Justicia, recoge en sus artículos 12.1,g) y 21.4,b) la prestación económica de pago único por nacimiento de hijo, disponiendo que tendrá el mismo contenido que en el Régimen General de la Seguridad Social).*

4.3 State policy towards families with excessive debts/over indebtedness

Is there any aid (benefits or services) for families that have excessive debts?

Spain has a bankruptcy law (*ley concursal*) dating from 2004 which provides for debt settlement plans that can result in a reduction of the debt (maximally half of the amount) or an extension of the payment period of maximally five years, but it does not foresee debt discharge. However, this is mainly thought for business and cases of debt with no collateral, and only wealthy families can face the cost of the legal procedures (15% of the debt).

As a consequence of household mortgage distress during the crisis, the government in Spain has introduced special legislation to address unsustainable residential mortgage debt burdens on households while trying to limit adverse effects on banks' balance sheets and to minimize moral hazard. The measures for debt restructuring are only available to distressed individual mortgage debtors falling under the poverty (Royal Law Decree of 9th March 2012). It allows financing institutions to opt into the scheme, but once a financial institution opts in, it must implement for at least two years a Code of Good Practices which provides for measures aimed at achieving a viable mortgage restructuring for debtors covered by the regime. It also allows mortgage debtors, subject to certain conditions and as a last resort, to transfer the mortgaged property title to the bank and obtain cancellation of the mortgage debt (Liu and Rosenberg, 2013).

Do children have to pay back the loans taken by their parents (can one inherit a loan)?

Under Spanish law, beneficiaries do inherit debts. However, the heir may accept the inheritance after revising its conditions (*a beneficio de inventario*), which means that the heir may opt not to receive the inheritance or receive it after paying the descendent's obligations up to the limit of the assets contained in the will; otherwise they shall pay the total amount of the debt even with their personal property.

4.4 Pre-school and primary-school education

The Spanish educational system has a compulsory period of 10 years, which starts at the age of six and ends at 16. It is composed of three stages:

1. Pre-school education (*educación infantil*) has two non-compulsory cycles: the first cycle for children aged up to three, and the second cycle for children aged three to six. The second cycle for children up to six years is free.
2. Primary education (*educación primaria*) is intended for children between six and 12. This type of education is compulsory and free.
3. Secondary education (*educación secundaria*) is compulsory and is intended for children between 12 to 16 years. The nominal duration is four years. The fourth year offers guidance on both post-compulsory studies and incorporation into the employment market. At the end of the fourth year, a certificate is awarded (*Título de Graduado de Educación Secundaria Obligatoria, ESO*). Within the secondary stage, vocationally oriented programmes are available to students who complete the ESO without a certificate (*Programas de Cualificación Profesional Inicial, PCPI*). These programs give access to senior secondary vocational education.

Pre-school and primary education is provided at three different types of education centers: public schools maintained by the regional authority (*centros públicos*), private schools that are publicly funded by the regional administrations (*centros concertados*) and private schools where the entire cost is assumed by the families (*centros privados*). A large part of private schools in Spain are partly funded by the government and are known as ‘concerted’ schools. Concerted schools agree to an admission policy with similar criteria as public schools and to follow the core curriculum of public schools as a condition for a government funding that covers the school’s salary bill. Concerted schools account for almost 90 percent of the private-school enrollment, and although they are not allowed to charge for tuition, they require donations to the parents’ association, building maintenance or financing of extracurricular activities which are perceived by households as compulsory (OCU, 2012).

Several national plans aim to improve equity in education and social inclusion: the National Strategic Plan for Childhood and Adolescence 2013-2016 (*Plan Estratégico Nacional de*

Infancia y Adolescencia) and the National Action Plan for Social Inclusion 2013-2016 (*Plan Nacional de Acción para la Inclusión Social*), and the Programmes for Reinforcement, Guidance and Support (*Programas de Refuerzo, Orientación y Apoyo, 2005, modified in 2010*), which provide resources to education institutions to address inequalities and social exclusion.

4.4.1 Pre-school

If there is a public pre-school system – who is eligible for it and how large are the fees? Are there any exemptions and what kind?

Spain has the second-highest enrolment rate for three-year-olds, at 99%, compared to the OECD average of 66%. It is one of only seven countries in which more than 90% of three-year-olds are enrolled in pre-primary education. Fair and inclusive policies aiming to achieve an equitable system include early childhood education and care and comprehensive education until the age of 16. Early childhood education is provided by the government, although 25% of pre-primary students are enrolled in government-dependent private schools and 11% in independent private institutions (OECD, 2014).

Eligibility for public pre-school system is open for all Spanish residents and the places in public nurseries are assigned based on a scoring system intended to favor the worst-off. The assignment mechanism in the case of Madrid is based on the following conditions:

- The household income is less than 1,805€ per capita: 5 points.
- There is a sibling enrolled in the same school: 2 points.
- The child's parents work in the nursery: 0.5 point.
- Another sibling gets a place in the same nursery: 1 point.
- Large family (three to five children): 2 points
- Large family (five children or more): 3 points
- The child is in foster care: 1 point.
- The child comes from a multiple birth: 1 point.

- A parent or sibling of the child has a disability of 33% or more: 1 point.
- The municipality of the kindergarten is the same as the family home or workplace: 3 points.
- The family lives in a different municipality than the kindergarten: 1 point.

Pre-school education is partly financed by the local and regional governments. The fees for public pre-school centers correspond to the non-subsidized part of the place and vary widely between communities. In 2010, a place in Catalonia had an average cost of 221€ per month while the cost in Extremadura was 71€. ¹²⁸ The fees for public kindergartens in Madrid for the 2013/2014 year are calculated accordingly to the per capita income of the family unit in 2012. ¹²⁹

Families with a per capita income equal to or less than 5,485€ are charged a monthly fee of 80€; for incomes between 5,485€ and 7,440€, the monthly school fee is 130€; if the income per capita exceeds €7,440 but is less than €25,000 the fee is 180€; and families whose income per capita is more than 25,000€ a year will have to pay 260€ per month. This fees are valid for children older than one, as for children younger than one year, the fee will rise an additional 60€. This measure was introduced in 2012. Public kindergartens have additional fees for school dinners (94.72€ per month) and for extending the time of stay from the normal schedule (15€ per half hour periods, monthly) in Madrid.

Since 2010, there have been significant increases in fees due to the adjustment policies undertaken in Spain. In Catalonia, for example, there was a 28% reduction of public funding for daycare (*guarderías*). Until May 2012, the cost for pre-school was assumed by the local governments, the Catalanian regional government (*Generalitat de Catalonia*) and the families. Each paid 1,800€ by student per year. From May 2011, the *Generalitat* reduced by 500€ its part, which needs to be paid now by families and local governments. In 2012 a nursery in Barcelona cost 10% more, while in cities such as Sabadell the fees rose up to 40%.

¹²⁸ Organización de Consumidores y Usuarios <http://www.ocu.org/organizacion/prensa/notas-de-prensa/2010/faltan-guarderías-publicas483914>.

¹²⁹ Acuerdo de 18 de julio de 2013, del Consejo de Gobierno http://www.madrid.org/cs/Satellite?c=CM_Tramite_FA&cid=1354246975575&noMostrarML=true&pageid=1331802501674&pagename=PortalCiudadano%2FCM_Tramite_FA%2FPFCIU_fichaTramite&vest=1331802501621.

In Madrid the increase ranged from 63% for the highest earners to 77% for the lowest. The overall average increase in Spain was 25%. However, there are large differences between the cost of a nursery between communities (Andalucia had a 3.5% increase in fees while Madrid had 77%). These gains must be added to the chronic shortage of places in public kindergartens, produced cuts in aid, reducing the increase in teachers and children per class. The part paid by the *Generalitat* was reduced further in 2013 to a maximum of 1300 conditional on family income and the socio-economic status of the population.

In the case of private nurseries, rates are much more variable and depend on the location and services offered. For the period 2012-13 the average cost of a private nursery in Spain could be between 400 and 450 euros per month.

Cut downs were also implemented through budget slashing measures. The Educa3 government program was cancelled in 2012. The program provided a total of 300 million euros to the regional governments for pre-school places between 2008 and 2010. As the contributions of the national government were made on the condition that the autonomous communities funded at least the same amount the investment determined significantly the execution of a regional function.

4.4.2 Primary-school

Are there any fees in public primary schools? How large? Are families eligible for benefits (transportation, lunch etc.)?

Spanish public education has no fees for enrolment or tuition in primary school in public centers. However, families incur in multiple costs for school materials, books, uniforms, transportation and lunch. School uniform is not normally used in state schools but it is common in private schools. For private schools and for privately administered/publicly funded centers (concerted), average tuition fees are 325 and 150 € per month. The Consumer Federation FUCI estimated the average disaggregated costs as presented in table 4.

Table 4: Estimated average cost for primary schools in 2013 (Euros)

Item	Public	Concerted	Private
Tuition*	0	150	325
Books	180	200	240
Materials	50	100	130
Uniforms	130	200	250
School meals*	95	130	150
Transport*	105	150	175
TOTAL	560	930	1270

Source: <http://www.fuci.es/?p=1332> - * Monthly figures (10 months per year)

There is an important variation between autonomous communities as presented in Table 5.

Table 5: Cost of primary education by autonomous community (Euros)

Region	Public	Concerted	Private	Average
ANDALUCIA	460	640	1180	760
ARAGON	460	630	1230	773
ASTURIAS	520	740	1100	787
BALEARES	600	810	1200	870
CANARIAS	440	640	1020	700
CANTABRIA	560	720	1090	790
CASTILLA LEÓN	610	730	1150	830
CASTILLA LA MANCHA	500	690	1100	763
CATALUÑA	660	1030	1400	1030
EXTREMADURA	580	680	1040	767
GALICIA	470	710	990	723
MADRID	680	1000	1450	1043
MURCIA	570	760	1050	793
NAVARRA	620	870	1200	897
PAIS VASCO	630	950	1250	943
RIOJA	510	700	N/A	605
VALENCIA	650	960	1360	990

Source: <http://www.fuci.es/?p=1332>

There is a wide range of school grants for primary and secondary levels; these are provided by the Ministry of Education and the autonomous communities. The Ministry of Education provides benefits to households with limited income. It supports students with special educational needs and delivers grants for purchasing books and teaching supplies in primary and secondary education. They target selected communities (Canarias, Murcia, La Rioja, Castilla-Leon, Ceuta, Melilla and the Balearic Islands) and Spanish educational centers abroad.

The benefits granted by autonomous communities include transportation, books and school materials, scholarships for private education and school meals benefits. In the case of Madrid, transport benefits are addressed to students in public and concerted Second Cycle of Primary Education, Primary Education, Secondary Education, and Special Education. Benefits vary between 270€ to 1,100€ per student and course, depending on the distance to the school with a minimum of 5km and a maximum of 50km.

Grants for books and educational materials are co-financed by the Ministry of Education and the autonomous community. In Madrid pre-school students (Grades 2 and 3 of the Second Cycle) get a prepaid card for a value of 65€ given to their parents or guardians; 104€ for primary school students; 100€ for secondary school students. Scholarships in private schools are intended for students in the first cycle of primary and are conditional on household income. The benefit for those with an income exceeding 10,000€ per capita is 95€ per month; 130€ per month to those with an income between 9,999€ and 5,000€; and 160€ per month to those with incomes under 4,999€.

The school meal benefits in the Community of Madrid, are granted under the following categories: families of students in school transport and in privately administered/publicly funded schools (710€); families with a low income Insertion subsidy (710 €-850€); families hosting children in foster care (575€); victims of terrorism (525€).

4.4.3 Gymnasium (between primary and university education)

After compulsory secondary education (ESO), students can choose between the gymnasium (*Bachillerato*) in preparation of university education or intermediate vocational training (with a general emphasis or focused on artistic or sports education). The gymnasium lasts for two years in which one of three modules can be followed: exact sciences and technology, humanities and social sciences and the arts. The completion is recognized with the certificate of *Título de Bachiller* which is required for access to university.

If there is a public gymnasium system – who is eligible for it and how large are the fees? Are there any exemptions, which kind?

The Spanish gymnasium (high school/Baccalaureate) is non-compulsory education that consists of one cycle in two academic years for students age 16-18. The gymnasium is organized in three different tracks, with common subjects and electives. The tracks are organized in relation to the major areas of knowledge (arts, humanities and social sciences, and science and technology) and to the needs of both university and non-university education. It aims at helping students to adapt to their characteristics and interests in order to follow subsequent specialized studies or to enter the workforce (*Chapter IV of the Ley Orgánica de Educación*).

Access to gymnasium in any of its forms, is restricted to students who hold a secondary school graduate title or those who have obtained any of the titles of technical education referred to in Articles 44.1, 53.2 and 65.1 of the Organic Law 2/2006 of 3rd May. Places are assigned according to the criteria established by each autonomous community. Gymnasium education has no fees but students have to pay at the end of the two years a fee of 125 € for the title and the exam for entrance to University.

Are families/pupils eligible for benefits (transportation, housing, lunch etc.)?

Scholarships for gymnasium education are granted by the national government based on performance criteria. The benefit can reach 7,000€ a year in the higher range. In order to opt for a scholarship in the first year of gymnasium, students need an average above 5.5 (five being the minimum grade for approval). Students must also pass all the subjects (except one) in order to be eligible for scholarships on the second year. These conditions were established in 2012 as performance was not a criteria for granting scholarships before.

The amounts of the scholarships and study grants for gymnasium studies are: a fixed income associated to the applicant income, 1,500€; a lump sum linked to the applicant's residence during the year, 1,500€; Basic Scholarship, 200€; variable amount, a minimum of 60€. These benefits are conditioned by family income and wealth based on income statements of the past year. The income thresholds applicable to the grant of the amount of the grant are:

Table 6: Types and amounts of benefits for gymnasium students by family income thresholds

Benefit Threshold^a Family annual income in euros	Fixed (Income based)	Residence	Basic	Variable^b
Family of 3 - 10,606 -11,143 Family of 4 - 13,909-14,613	1,500€	1,500€		60-3,000€
Family of 3 - 11,144-30,668 Family of 4 - 14,614-36,421		1,500€	200€	60-3,000€
Family of 3 - 32,697-34,352 Family of 4 - 38,831-40,796			200€	

Source: Real Decreto 472/2014, de 13 de junio

^a Thresholds are established for families from one up to eight persons.

^b The amount of the variable benefit is estimated by considering the residual budget after paying for the fixed part of benefits, the number of beneficiaries, each beneficiary's score in the previous year, the average rating of all students in each field, and family income. These criteria benefit those who have a very low family income and the best students.

Education policies for gymnasiums have not changed substantially in terms of eligibility and access to rights since 2005, but the conditions have definitely worsened as a response to budget cuts resulting from austerity measures. The LOMCE Law (Ley Orgánica 8/2013, aimed at the improvement of education quality) has repeatedly cut the teachers' salaries, increased the teachers' workload as a consequence of the dismissal of staff and has augmented the number of absence days required before a teacher can be replaced. It furthermore increased by 25% the pupil teacher ratio and permitted that schools offered just one of the three tracks of gymnasium education and not the three of them (Arts, Humanities and social science, and Science and technology).

4.5 University level studies

The governance structure of the Spanish university system is based on a decentralized model that comprises three levels: the state, the autonomous regions, and the educational institutions. The central government is responsible for its overall co-ordination, its international

representation under a unique voice, and the control of scholarships and grants. It establishes the regulatory framework for obtaining, issuing and validating academic degrees through the Ministry of Education. The regional governments in the autonomous communities are responsible for administering the Higher education institutions within their territories. They establish directives regarding staff (teaching and administrative) qualifications, quality measurement, salaries and the recruitment system.

Higher education is not compulsory and costs vary depending on the centers and the courses taken. The student's academic record and an entry exam (*Selectividad*) determine not only access to the university but also which degrees the student can pursue. Higher education is provided by public and private institutions (*facultades universitarias, escuelas tecnicas superiores, escuelas universitarias, and colegios or institutos universitarios*). In addition to Spanish higher education facilities, there are some foreign universities with campuses in Spain.

Changes in university policies as a response to the economic crisis were aimed at the rational use of resources in education, allowing for an increase in teaching hours per teacher, reviewing class size, adjusting education to demand and reviewing university fees (Real Decreto-ley 14/2012). Some of these measures are temporary, and regional authorities can decide on their application. Nevertheless, funding problems have worsened and the system is now less sustainable, clearly insufficient, inefficient and increasingly less equitable as financing for Public University was reduced 1,388 million euros between 2010 and 2013 (Federación de Enseñanza de CCOO, 2014).

4.5.1 Tuition fees and exceptions

How large are the fees at public universities and are there any exceptions?

The cost of public university studies depend on the autonomous region, the university and the degree course. The price of the official degrees awarded by the public universities is regulated on a yearly basis by the government, and consists of a single mandatory fee. The corresponding amount is established by decree in each autonomous region, within the

established limits. The price of enrolment depends as well on the total number of credits. For example, a degree in Computer Engineering costs 21.24€/credit, so a full academic year (60 credits) will cost 1,274.40€. First-year students also have to pay a fee for getting their academic record. Failing a subject and having to enroll in it for a second or third time, implies the obligation to pay a surcharge.

The LOMCE Law (Ley Orgánica 8/2013, aimed at the improvement of education quality) brought an increase of 66% in university fees and a cut of 50 million euros for scholarships at the university level. It also introduced fees for vocational training for the first time.

Are students eligible for benefits (housing, transportation, etc.)?

The law states that the right to education requires that no one is excluded for socio-economic reasons from access to education levels that are not mandatory or free. This justifies the need to establish mechanisms of exemption from fees and charges for these expenses through scholarships and student aid.

Benefits to students are administered in the form of scholarships as no publicly subsidized or guaranteed loan plans are available to undergraduate students. At the national level, a single public scholarship system is regulated by the Ministry of Education and consists of means-tested grants with an academic performance minimum requirement. To be eligible, students have to be enrolled in an accredited program and cannot be in the possession of a prior tertiary degree. The amount of the grant depends on the extent of financial need and the student can receive the grant for a period equivalent to the duration of the program attended. Selection criteria are family income, academic merit and whether the individual has a disability. Grants can cover tuition fees only or they can also cover life expenses and accommodation.

The condition for getting a scholarship in the first year of university level studies is getting a note of 6.5 averaging 40% the grade of university entrance exams and 60% the average gymnasium records. These conditions were introduced in the 2011-2012 period in order to reward the performance of students who earn higher academic results than those required to qualify for the scholarship, waiving change fees and subsequent funding from third parties.

The types and amounts of benefits for university students by family income thresholds are presented in Table 7.

Table 7: Types and amounts of benefits for university students by family income thresholds

Benefit Threshold^a Family annual income in euros	Fixed (Income based)	Residence	Variable^b	Tuition
Family of 3 - 10,606 -11,143 Family of 4 - 13,909-14,613	1,500€	1,500€	60-3,000€	Yes
Family of 3 - 11,144-30,668 Family of 4 - 14,614-36,421		1,500€	60-3,000€	Yes
Family of 3 - 32,697-34,352 Family of 4 - 38,831-40,796				Yes

Source: Real Decreto 472/2014, de 13 de junio

^a Thresholds are established for families from one up to eight persons.

^b The amount of the variable benefit is estimated by considering the residual budget after paying for the fixed part of benefits, the number of beneficiaries, each beneficiary's score in the previous year, the average rating of all students in each field, and family income. These criteria benefit those who have a very low family income and the best students.

Autonomous communities also have multiple options for financial aid to students, including scholarships and fellowships such as grants-in-aid, trainee stipends, tuition and required fee waivers, as well as other monetary subsidies given to students. The Ministry of Education promotes and manages these grants, which are paid to the university or directly to the student. In addition, students at public universities can have their fees fully or partially waived in exchange for providing academic services in a system called 'collaboration grants' (*Becas de colaboración*). These services, for example, include research assistance to academics or support to a research laboratory.

The state has the responsibility to guarantee the uniformity and unity of the tertiary education system regarding equality of opportunities and treatment within and across autonomous communities. The central and regional governments thus provide financial assistance for low-

income students through the national scholarship system and complementary schemes administrated by regional governments.

Regarding financial aid for studying abroad, the Spanish government's aids to Erasmus programs decreased 75% between 2011 and 2013, while the overall budget for education was cut 31%. In 2013, each Spanish Erasmus scholarship recipient received between 100€ and 120€ per month from the ministry and 133€ from the European Union. The autonomous communities of Spain also help their students; for instance Catalonia gives local recipients 200€ a month.

LIST OF REGULATIONS/LAWS THAT AFFECT the funding of education:

Royal Decree 472/2014, June 13th - income thresholds and family heritage and amounts of scholarships and study grants for 2014-2015 set course and partially amending Royal Decree 1721/2007 of December 21, approving the scheme of scholarships and grants to custom study sets. (*Real Decreto 472/2014, de 13 de junio, por el que se establecen los umbrales de renta y patrimonio familiar y las cuantías de las becas y ayudas al estudio para el curso 2014-2015, y se modifica parcialmente el Real Decreto 1721/2007, de 21 de diciembre, por el que se establece el régimen de las becas y ayudas al estudio personalizadas*).

Royal Decree 1000/2012, of June 29th - income thresholds and family heritage and amounts of scholarships and study grants for the 2012-2013 and partially amending Royal Decree 1721/2007 of December 21, approving the scheme of scholarships and study grants (*Real Decreto 1000/2012, de 29 de junio, por el que se establecen los umbrales de renta y patrimonio familiar y las cuantías de las becas y ayudas al estudio, para el curso 2012-2013 y se modifica parcialmente el Real Decreto 1721/2007, de 21 de diciembre, por el que se establece el régimen de las becas y ayudas al estudio personalizadas*).

Royal Decree-Law 20/2012, July 13th - Measures to ensure fiscal stability and promote competitiveness (*Real Decreto-ley 20/2012, de 13 de julio, de medidas para garantizar la estabilidad presupuestaria y de fomento de la competitividad*).

Organic Law 8/2013, to improve educational quality, or LOMCE (*Ley Orgánica 8/2013, para la mejora de la calidad educativa, o LOMCE*).

Decree 142/2008, July 15th - Organization of education Baccalaureate (DOGC no. 5183, of 29.7.2008) provides (*Decreto 142/2008, de 15 de julio, por el que se establece la ordenación de las enseñanzas del bachillerato (DOGC núm. 5183, de 29.7.2008)*).

Royal Decree 1721/2007, December 21st – Setting of the system of scholarships and personalized study grants (*Real Decreto 1721/2007, de 21 de diciembre, por el que se establece el régimen de las becas y ayudas al estudio personalizadas*).

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Sweden

Summary

In comparison to other European states, especially in southern Europe, the changes in Swedish social policies during the period studied have been less far-reaching. Where dramatic cut-backs and austerity programs have radically reshaped systems of social policy in some European states, in many cases as a direct response to the economic crisis, the main reforms in the Swedish case were enacted before the crisis hit Europe in 2008. The most dramatic reforms of the Swedish welfare system, for instance concerning restrictions in sickness and unemployment benefits and a greater element of conditionality in these systems (often connected to labor market measures), were enacted mainly as part of realizing the election platform of the center-right alliance. Policies aimed towards reforming the systems of social insurance have not been primarily formulated as a response to the economic crisis sweeping across Europe. It should also be noted that the reform of the social insurance system, initiated in 2008, addressed problems with excessive absences dating back at least a decade.

While Sweden has often been highlighted as exemplary in handling the crisis, the large economic downturn from 2008 and onwards did not leave the country completely unscathed. Especially in the early days of the crisis, largescale redundancies in the manufacturing industry made themselves felt. The new labor market policies were slightly redirected as a consequence of this. An important part of the new policies was the focus on those who were the furthest away from labor, those who had been unemployed for long periods of time, as well as young people.¹³⁰ In the wake of these events, certain measures were also aimed at groups which had only recently been unemployed (cf. Starke et al., 2011).

While cuts and conditionality characterizes some of the reforms made during this period, it should be noted that looking merely at the level of benefits can be deceptive. *De facto* cuts in benefits are also made less visible by not adjusting levels to increases in living costs and inflation. This also concerns funding for the public sector which are not adjusted to cover

¹³⁰ Youth unemployment remains very high in Sweden at around 24% of 15-24 year olds (23,1 % 1st quarter 2014) <http://stats.oecd.org/index.aspx?queryid=36499> The extreme aspect of Swedish youth unemployment is the distance between the general unemployment level which lies at 8-9 % in recent years.

developments in inflation and rising costs for salaries. Both direct redistributive transfers and public sector have thus been slowly hollowed without the government having to announce any cuts in the amounts paid or change in policy.

The Swedish Fiscal Policy Council (SFPC) released a report in 2013 with a counterfactual analysis of a range of benefits. The analysis simulated the levels of benefits if they had been adjusted according to the income index. For instance, it was found that for 2012 the maximum daily allowance, if adjusted, should have been 908 SEK (€105)/day,¹³¹ instead of the current 680 SEK (€79)/day. Similarly, the minimum daily allowance in the unemployment insurance would have been 427 SEK (€49) instead of 320 SEK (€37) (SFPC, 2013:154; National Institute of Economic Research, 2013).

Understanding change and stability in the Swedish welfare system must invariably take these factors into account. However, it can be hypothesized that *de facto* decreases in benefits, while obviously having an impact of the everyday lives of citizens, are less likely to provoke political mobilization or protests compared to overtly announced cuts in benefits.

Labor policies and rights

Social insurance schemes were reformed considerably in early 2007 upon the centre-right government's entry into office. For instance, the new government reduced the highest level for sickness benefits and lowered the sickness benefits for the unemployed.

One of the most debated policies introduced in 2007 was the restructuring of state subsidies to unemployment insurance, leading to increases in membership fees. Another effect, which was part of the rationale of this reform, was an increasing disparity between fees across different occupational groups, where membership fees in unemployment insurance became partly conditional on the vulnerability of members in losing employment. These tendencies have developed so that employees in lower income jobs in sectors most sensitive to market

¹³¹ Exchange rates are calculated on the basis of the 2013 EURO/Swedish krona rate as supplied by Eurostat (8,651 SEK=€1). This does not take into account the fluctuations in the exchange rate during the period studied. However, since the purpose of the analysis is only to give a general sense of significant changes in the levels of benefits, and mainly in relation to previous ones it is deemed to suffice.

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tec00033&plugin=1>

fluctuations and economic downturns have to pay higher fees; sometimes triple those paid by highly educated employees with more stable and better paid jobs.

Conditions for receiving unemployment benefits were tightened and benefit levels lowered. The highest daily unemployment insurance paid was lowered by 7%. Additionally, benefits were made conditional on the number of days of unemployment. This meant that the percentage of previous income paid in unemployment insurance benefits would be lowered in successive steps: from 80% the first 200 days, then 70% for another 100 days after which no unemployment insurance is paid.

Stricter demands were also introduced on individuals to be flexible, especially concerning which jobs are deemed appropriate to apply for, for example by making unemployment benefits conditional on the individual's willingness to apply for jobs in different spheres of the labor market and in larger geographical areas.

Healthcare, sickness benefits and social aid

In 2008, wide-ranging reforms were introduced into the systems of sickness benefits. An individual's ability to work would henceforth be judged in relation to the regular labor market, as opposed to exclusively to the job previously held by that individual. Restrictions in the conditions for receiving long-term sickness benefits or disability pensions were also introduced. Some conditions related to sickness benefits were also introduced, allowing for such benefits in particular cases even after the maximum number of days had been reached.

The Swedish health insurance was for a long time unique in that it was not regulated by time limits. The introduction of a new rehabilitation chain in July 2008 changed this. Strict time limits were imposed on the number of days that sickness benefits could be received. This was also coupled with demands on individuals to look for different forms of employment.

While the reforms in social insurance were dramatic and aroused much opposition and controversy, previous governments had also worked towards a stricter application of the rules in place in efforts to push down excessively high levels of absenteeism because of sickness.

The changes introduced in 2008 with the new rehabilitation chain formalized this, forcing the Social Insurance Agency to make much stricter assessments when awarding sickness benefits. In contrast, means-tested poverty measures, such as economic aid have not been subject to any wide-ranging changes. Recent changes in legislation make it possible for individuals to take up employment without immediately losing their benefits. Overall, the character and size of poverty measures have remained more or less constant during the process studied. Healthcare remains heavily subsidised and while patient fees are taken, the maximum amount paid for prescription medicine, primary care or hospital care is regulated.

Tax policies and finance policies regarding housing

The tax burden on wages in Sweden remains high in OECD comparisons but has decreased in the 2000s from 50.1 % in 2000 to 42.9 % in 2013 (OECD 2013)¹³²

The center-right government that entered into office in 2006 has worked in successive steps to lessen the tax burden on wage earners. Different forms of stimulus have also been introduced by making it possible to make tax deductions for certain services bought, such as home renovation and housework. Generally, the new direction in policy since 2006 has had as its aim to strengthen economic incentives to work by awarding those in employment, at the same time widening the gap wage earners and receivers of benefits.

The property tax was replaced by a municipal fee in 2008. Sweden has also for a considerable amount of time had a policy which enables home owners to deduct 30% of the interest paid on mortgages.

Family policies and costs of education

The system of childcare and parental benefits remain one of the more comprehensive and generous in the world and has gone largely untouched. The cuts in compensation levels made in unemployment benefits and the higher degree of conditionality that has been introduced in the healthcare benefits have not been enacted in the field of parental benefits and childcare.

¹³²{HYPERLINK <http://www.oecd.org/sweden/taxingwages-sweden.htm>}

In some aspects, conditions for receiving benefits have been made less strict. For instance, parents can receive their parental benefits simultaneously for 30 days during the first year. A new gender equality bonus was also introduced in 2008 for those couples sharing their parental benefits equally.

The flat rate universal allowance automatically paid for each child to the age of 18 amounting to around 119€ per child has not been touched. In fact, there has been a slight increase for households with several children since 2010. In 2008, a gender equality bonus was introduced of about 340€ as a one-time bonus for those households where the parental leave benefit is shared equally.

The government also introduced a childcare benefit at a level of maximum 3000 SEK/ month (€340/month). This benefit is paid to the parent who stays at home with children after the maximum days of parental leave have been received. While this benefit can be regarded as an extension of the Swedish social benefits, it has also been widely criticized for only catering to higher income families where one parent is able to support the other. Another criticism of this particular measure which was introduced through a bargain with the Christian Democrats of the center-right coalition government, is that it has worked to keep weak groups away from the labor market. This concerns in particular new immigrant women who make up a large part of the group that have applied for this particular benefit.

Childcare remains heavily subsidised and all Swedish municipalities apply rules regarding the maximum amount paid for childcare. Fees are absent in primary, secondary and higher education.

Pensions

As in many European states, pensions systems have been discussed in Sweden long since before the crisis in relation to the problem of ageing populations and longer life expectancy. As has been pointed out by others, while the sometime wide-ranging reforms of pensions systems have been enacted in European states as an answer to the recent financial crisis, this has not happened in Sweden.

A recent government inquiry (*pensionsåldersutredningen* SOU, 2013:25) published in April 2013 concluded that there is a need to raise the age at which state pensions is paid from 65 to 66 years. It also recommended that the lowest age for receiving private pensions, now payable from 55 years of age should only be available at the age of 62. Finally, it suggested that the age at which the option to stay in employment is raised from 67 to 69 years.

1. Labor policies

1.1 Employment

1.1.1 Termination of contracts (rights, benefits)

*Are there legal rights of advance notice, what do these look like and to whom are they applicable?*¹³³

Employers have a duty to inform employees in the event of an employment contract being terminated. Which rules are applicable for advance notice depend on the form of employment, the length of employment, and the reasons for termination. The minimum notice for a termination of contract is one month (LAS 11 §). An employee has a right to a notice period of two months if the total time of employment exceeds two years but is less than four years; three months if between four and six years; four months if between six years and eight years; five months if between eight and ten years and six months if exceeding ten years. An employee who has been given notice has a right to full pay and other benefits even in cases where there are no tasks for the employee to be doing between the time of notice and the termination of the contract (LAS 12 §).

In cases of temporary employment, an employee shall receive notice at least one month before the end of the contract if the employee have been employed for more than a total of twelve months during the preceding three years. For seasonal workers who have been employed for at least six months during the preceding two years, notice shall be given at least one month before the start of the new season (LAS 15 §).

¹³³ If there are different types of contracts (e.g. precarious workers, civil law contracts), please not their characteristics' as well.

Temporary employment contracts can be used in four cases: general temporary employment, employment to substitute, seasonal work, and when the employee is 67 or over. In 2007 the law was changed regarding temporary contracts so that employees having worked for two years in general temporary employment, or three years as substitute during a five year period at the same employer, are automatically offered permanent employment (*tillsvidareanställning*). The previous limit was 14 months (Law 2007:390).

The European Commission has issued (exceptionally) two so-called reasoned opinions¹³⁴ in which the Swedish government has been criticized for allowing the use of rules for temporary contracts enabling employers to keep employees on different temporary contracts more or less indefinitely without having to offer permanent contracts, in breach of the Fixed-Term Directive (Directive 1999/70/EC).

What is the compensation (fee) for the termination of the employment contract of full-time workers?

There is no compensation for termination of employment regulated by law. Employers do not have any obligations to pay any compensation for the termination of employment.

The extent to which compensation is sometimes paid nonetheless is the result of negotiations between employers and unions (or individual employees). For instances, in cases of large scale redundancies companies sometime choose to negotiate severance pay in exchange for the voluntary termination of contracts, as well as to bypass the law on the employment protection (LAS), which specifies in which order employees should have their contracts terminated in case of a general lack of work. This enables employers to choose more freely which employees to keep within the company.

Furthermore, in cases where there are disputes regarding the factual basis of the termination of a contract, for instance on personal grounds, severance pay might be negotiated instead of settling a potential conflict in the Swedish Labor Court.

¹³⁴ http://europa.eu/rapid/press-release_MEMO-13-122_en.htm?locale=en
http://europa.eu/rapid/press-release_MEMO-13-122_en.htm?locale=en

Does the law establish a public policy list of 'fair' grounds for dismissal?

There are two main legitimate grounds for termination of a contract between employer and employee: lack of work and reasons that are related to the individual employee. Whatever the reason, the termination of contract must be based on factual circumstances (LAS 7 §).

Is redundancy (also known as retrenchment, termination for economic reasons, necessities of the company, or objective causes) considered a 'fair' ground for dismissal by law, or if such dismissal always entails a mandatory penalty?

Lack of work is the most common reason for termination of a contract. Such termination is only regarded as being based on factual circumstances if the employer has investigated the possibilities for the employee of performing other tasks for the employer.

If a business, an operation, or part of an operation is transferred to a new employer such a transfer does not in itself constitute legitimate grounds for terminating a contract. This does not however preclude dismissals based on economic, technical, or organizational reasons which include changes in the workforce (LAS 7 §).

Personal reasons as a basis for the termination of a contract between employer and employee typically, in the praxis of the Swedish Labor Court, refers to cases where there is documented instances of serious misconduct such as refusal to work, unauthorized absence, difficulties with co-operation, insobriety during work, crime, or disloyal competition.

The law on certain measures to facilitate employment (*Lag om vissa Anställningsfrämjande åtgärder*, law 1974:13, also known as *främjandelagen*, the facilitation law) is designed to protect the employments of elderly people or those with functional impairments in cases of large scale redundancies (8 §).

Upon breach of the law the companies can be subject to financial penalties. According to sources in the Employment Agency the law was largely ignored in relation to the

redundancies following the crisis in 2008 and 2009. There was a subsequent rise in the flow of unemployed with functional impairments to the employment agency¹³⁵.

This conforms quite well with the general categorization by Glassner and Keune (2010) who state that in the context of the crisis “organized labor has generally been driven in a defensive position and unions’ readiness to make concessions in order to save jobs has increased” (Glassner and Keune, 2010:19).

1.1.2 Minimum wage (rights)

Who has the right to have minimum wage, are there any exceptions?

There are no laws regulating minimum wage in Sweden. The minimum wage in particular occupational sectors is regulated through collective agreements between unions and employer organizations.

1.1.3 Vacation (rights, benefits)

Do employees have a paid time off for national or local holidays by law or mandatory collective agreement? How many days does the paid vacation last?

In 2014, full-time employees have a right to 25 days of vacation/year as regulated in national law (*semesterlagen* 1977: 480). The number of vacation days differ across professional sectors depending on collective agreements between unions and employer organizations, and depending on the age of the employee. For instance, for employees over 40 years of age working in government agencies (and universities), 35 days/per year are paid.

In 2010, the law regulating vacations was reformed to make it more streamlined and easier to apply. One change of a more substantive nature affected long term ill. Previously, days absent

¹³⁵http://www.arbetsformedlingen.se/download/18.6665c15123940dcbaf80002677/1401114894854/vred01_06.pdf

due to illness would count as qualifying days for vacation for up to two years. Through the 2010 reform this time span was reduced to one year.

Do people receive holiday allowances, how large are they?

Workers in temporary employment (*timanställda*) receive vacation benefits directly on the salary (12%).

1.2 Unemployment

1.2.1 Eligibility and constraints

For a long period of time, Swedish unemployment insurances were heavily subsidised with relatively low membership fees. Insurances for workers in different sectors were also evened out. Following the 2006 election rules concerning unemployment insurance were changed, resulting in higher membership fees. The unemployment insurance was also to a greater extent combined with time limitations and stricter conditions for receiving benefits.

The removal (or diminishing) of state subsidies from the unemployment insurance has led to an increasing disparity between the fees across different occupational groups, where membership fees in unemployment insurance became partly conditional on the vulnerability of members to lose employment. These tendencies have developed so that employees in lower income jobs in sectors most sensitive to market fluctuations and economic downturns have to pay higher fees; sometimes triple those paid by highly educated employees with more stable and better paid jobs.

The wide-ranging changes in rules were collected in a government proposition (Proposition 2006/07:15, An Unemployment Insurance for Work (*En Arbetslöshetsförsäkring för arbete*) November 16th, 2006). Rules entered into force January 1, 2007.

What are the requirements for being officially registered as the unemployed?

This is regulated through the law on unemployment insurance (*lag 1997:238 om arbetslöshetsförsäkring*). In 9 § of that law, under general conditions for right to

compensation, it is stated that rights for compensation is entitled to someone who, is able to work at least three hours per day, registered as unemployed at the employment agency, and is furthermore at the disposal to the labor market.

Who is entitled to unemployment benefit (e.g. how many months one has to work for being eligible for this benefit?)

In January 2007, the conditions for receiving unemployment insurance benefits were tightened so that an individual needs to have been employed for a minimum of 80 hours/month (previously 70 hours) in the six-month period preceding unemployment. In January 2007, membership fees for membership in unemployment insurance were raised as the evening out between different sectors were removed and state subsidies lowered. Also in January 2007, the highest compensation within the unemployment insurance was lowered from 730 SEK (84 €)/day to 680 SEK (€79)/day.

Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)?

The model for calculating insurance membership fees from January 1st 2007 is based on the probability of becoming unemployed in a particular occupational sector. Sectoral unemployment insurance schemes are bound to pay a financing fee to the state amounting to 33% of the unemployment benefits paid to its members each month. This model for calculating fees was subsequently revised in view of sharp drops in employment insurance membership.

How long is the payment period and are there any constraints (e.g. mandatory training, inability to refuse the offered job)?

Conditions for receiving unemployment benefits were tightened and benefit levels lowered. The highest daily unemployment insurance paid was lowered by 7%. Additionally, benefits were made conditional on the number of days of unemployment.

In March 2007, the percentage of income paid in unemployment insurance benefits was lowered successively in steps. First 200 days: maximum 80% of former income. 201-300 days: maximum 70 % of former income. 301-451 days: 65% of former income. Those having children under the age of 18 in their care do not get to the 65% level until day 451. From July 2007, the period during which unemployment insurance benefits can be received is limited to 300 days. Those having children under the age of 18 can get benefits at a maximum of 450 days. The 65% level of benefits was removed.

To receive benefits, the unemployed individual needs to establish a plan of action together with the unemployment agency, present an activity report to the agency each month on the activities taken to find a new job; actively apply for appropriate jobs that the agency allocates to the individual, and coming to agreed meetings with the employment agency or complementing actors¹³⁶.

An assessment regarding what is considered an appropriate job is based on several factors including qualifications, medical considerations, family situation and former income. If the income of an employment offered amounts to 90% of the unemployment insurance benefit received it is considered appropriate¹³⁷.

1.2.2 Benefits

How large percentage of the salary¹³⁸ is covered by unemployment benefits in case of a one-year unemployment spell?

Eighty per cent of the salary is paid for the first 200 days. Seventy per cent of the salary is paid for another 100 days. If on day 300 a person is the parent of a child below the age of 18 unemployment benefit will be paid at a maximum of 150 additional days at the 70% level.

¹³⁶ For a summary of condition see the Swedish Employment Agency: {HYPERLINK <http://www.arbetsformedlingen.se/download/18.324e0e4212ca1149f5180005545/1404126544811/ersattning-arbetslos-eng.pdf>}

¹³⁷ For a criteria assessing what is considered an appropriate job see, {HYPERLINK <http://www.arbetsformedlingen.se/For-arbetssokande/Stod-och-service/Ersattning-vid-arbetsloshet/Hur-bedoms-om-ett-arbete-ar-lampligt-for-dig.html>}

¹³⁸ Unemployment benefits are defined in some countries as a fixed amount in local currency, rather than as a percentage. In such cases, the percentage of the salary covered is calculated based on a salary equal to the country's GNP per worker.

How is the unemployment benefit calculated (flat rate/ salary related etc.)?

In 2014, the unemployment benefit is calculated on the basis of the median income of six months preceding unemployment. To be eligible for the benefit an individual must have worked for a minimum of 80 hours per month (From January 2007, see above) during at least six months and been a member of the insurance scheme for a minimum of 12 months.

1.2.3 Services

What kinds of training services are available for unemployed? How do they differ by long-and short time unemployment?

As a general characterization, since 2007, services for the unemployed are primarily directed at those who are deemed to be the furthest away from the labor market including young people under 25, the long term unemployed and newly arrived immigrants. Fewer services are offered for those who are still receiving unemployment insurance.

Persons between the ages 16 and 24 can participate in the job program for youths, which includes subsidised internships, courses in job seeking, support to start a business and short-term occupational courses up to 6 months aimed towards particular sectors.

The Work and Development Guarantee is aimed at those who have received unemployment insurance for the maximum amount of days, have participated in the job-guarantee program for people between the ages of 16 and 25 for 15 months, in some case those who have been served prison sentences, those who have participated in work life introduction program and are over the age of 25, those who have participated in introduction measures for newly arrived immigrants and where the plan established within the framework of that program has expired¹³⁹.

Source: The Swedish Employment Agency

¹³⁹ For a summary of the Job and Development programme see {HYPERLINK http://www.arbetsformedlingen.se/download/18.306228a513d6386d3d86dde/1401114619602/job_engelska.pdf}

Is any particular help given to those starting with their own small business?

The Employment Agency supplies support for starting up a business under certain conditions. The support consists in help to evaluate the viability of the business, in some cases help to develop the business concept and a start-up subsidy. Participants in programs aimed towards starting up business are also eligible for a cash benefit calculated on the basis of the level of unemployment insurance or 223 SEK (€26) /day for persons not eligible for unemployment insurance¹⁴⁰.

1.3 Unionization and strikes

1.3.1 Unions and bargaining

Has every worker/employee a right to be part of a union? If not, describe differences. Is a right to unionization specified in the constitution (if it is regulated by other laws, it means weaker protection of rights)?

Yes. Freedom of association is defined in general terms in the constitution (the instrument of government) under Chapter 2 defining fundamental rights and freedoms. The freedom of association is defined as the ‘freedom to associate with others for public or private purposes’ This is further regulated in ‘*Medbestämmandelagen*’ (MBL the Co-decision law) (1976:580) and is defined by the right to association (*föreningsrätten*) as inscribed in MBL § 7, where it is stated that both employers and employees have the right to be a part of employer/employee-organizations.

Are workers councils, committees or equivalent bodies are mandated by law?

Employee organizations have a right to negotiate with employers regarding questions that have to do with the relationship between the employer and employees that are members of such an organization (MBL 11 §). If an employer is not bound by a collective agreement the

¹⁴⁰ For a summary of support for start-up benefits for small businesses{HYPERLINK http://www.arbetsformedlingen.se/download/18.306228a513d6386d3d872c3/startaget_engelska.pdf }

employer have a duty to negotiate with all affected employee organizations on questions regarding termination of employment for reasons of lack of work (MBL 13 §).

Do employers have the legal duty to bargain and/or to reach an agreement with unions, workers' councils or other organizations of workers?

No. The Swedish model is based on a free, albeit heavily institutionalized, order for negotiations between worker organizations and employer organizations. A large part of the Swedish labor market is regulated by collective agreements between unions and employer organizations. In the public sector coverage is 100%. According to recent calculations, more than 80% of the private sector is covered (see Kjellberg, 2013).

1.3.2 Strikes

Which workers have the right or the freedom to strike according to the law?

The right of associations of employees, employers and employer organizations to take conflict measures on the labor market is defined in the Swedish constitution under Chapter 2 defining fundamental rights and freedoms (The Instrument of Government, *Regeringsformen*, 1974:152). Where there are no collective agreements, the right to initiate conflict measures (such as strikes) are free. The obligation to uphold industrial peace only applies to parties that have entered collective agreements.

All workers who are members of a union organization have a right to strike (or engage in other conflict measures) as long as they are not in breach of the industrial peace, which is specified in collective agreements between employer and employee organizations and the MBL 41 §.

Employees bound by collective agreements between union organizations and employers are not allowed to engage in conflict measures such as strike, blockade, boycott or the like if decisions regarding such measures have not been taken through the proper procedures by the union organization. Conflict measures cannot be used to exert pressure in conflicts over the

applicability of collective agreements, to produce a change in the agreement or to support someone else who are not allowed to engage in conflict.

Are wildcat strikes i.e. the ones not authorized by the labor union the assembly of workers, legal?

If employees engage in non-authorized strikes employers can terminate employment under *lagen om anställningsskydd* (LAS, Employment Protection Act) if it can be ascertained that the employee has severely disregarded his or her obligations towards the employer (Las 1992:80, 18 §). In practice this would mean refusal to go back to work on a repeated number of occasions or during an extended period of time.

Are there any time-limits to strikes, any differences across economic sectors?

There are no time limits for strikes. Conflicts go on until an agreement have been found between the parties of the conflict.

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., non-work-related issues, legal?

Government employees are not allowed to take part in political strikes according to the Law on Public Employment (*Lagen om offentlig anställning* (LOA) 23 § Public Employment Act). Apart from that which concerns government officials, political strikes are not regulated in law. In the legal praxis as developed through the rulings in the Swedish labor court (see decision 25/2003; 270/2006), political strikes, even as concerns strikes that are initiated in solidarity with workers in other countries, are not excluded as being illegal *per se*. The condition seems to be that political strikes also have a union-issue component even if the measure does not have as its aim any particular problems in relation to an employer or an employer organization (Swedish Labor Court, decision 25/2003 6).

According to this praxis, the duration of a political strike should also be more limited than would be the case for a regular strike. This can be understood in light of the fact that the length of regular strikes are dependent on the outcome of negotiations between employer and

employee organizations regarding the agreements that regulate the relationship between employer and employee, whereas political strikes are engaged in to highlight political issues of a more general nature, and which are not necessarily affected directly by the actions of the employer.

Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal?

Yes, employee organizations can engage in conflict measures in support of another party which is authorized to engage in conflict.

Are employers allowed to fire or replace striking workers, in which conditions?

No, as long as strikes are initiated through the proper procedures by unions, employers are not allowed to terminate an employment on the basis of an employee striking. Any attempts on the part of employers, with the aim to interfere with an employee's right to participation in a strike or other conflict measures as ordered by a union organization, by for instance threatening to terminate employment, represents an infringement of the right to organization. If illegal conflict measures are taken employers can serve employees with a warning that participation in such measures can result in the termination of employment.

Are employers' lockouts allowed by law?

Yes. Employers are allowed to use lockouts as part of the measures mobilized in conflicts with worker organizations, as long as they are initiated through the proper procedures as defined in the MBL 41 §. Employers are not allowed to withhold payment for services rendered as part of conflicts measures (MBL 1976:580, 41a §).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES (with the year of acceptance):

Lag (1976:580) om medbestämmande i arbetslivet (Act on co-decision in working life).

Lag (1982:80) om anställningsskydd (Employment Protection Act).

Lag (1997:238) om arbetslöshetsförsäkring (Unemployment Insurance Act).

Kungörelse (1974: 152) om beslutad ny regeringsform (Declaration on the decision of a new constitution).

Semesterlag (1977:480) (Annual Leave Act).

COUNCIL DIRECTIVE 1999/70/EC of 28th June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP,

Ordinance (2000:634) on labor market programmes (list of changes http://62.95.69.15/cgi-bin/thw?%24%7BHTML%7D=sfsr_1st&%24%7BOOHTML%7D=sfsr_dok&%24%7BSNHHTML%7D=sfsr_err&%24%7BMAXPAGE%7D=26&%24%7BBASE%7D=SFSR&%24%7BFORD%7D=FIND&%24%7BFREETEXT%7D=&BET=2000%3a634&%C4BET=&ORG)

Ordinance (1996:1100) on activity support.

Ordinance (2007:414) on the work and development programme.

Ordinance (2007:813) on the youth job programme.

List of key legislative acts in the field of labor market policy from the Swedish government: <http://www.government.se/sb/d/3288/a/19565>.

Comments:

The new center-right government that took office in 2006 immediately engaged in reforms regarding labor market policy. In particular, social insurance and sickness benefits were more intimately tied to labor market policies through the so-called new rehabilitation chain, which had as its aim to reduce public spending on sickness benefits and to get individuals who had previously been receiving such benefits into the labor market. Strict time limits were set for sickness benefits after which individuals are to leave the social insurance system and transfer into the labor market programmes administrated by the Employment Agency, with the ultimate goal of finding employment.

In spite of paradigmatic changes social insurance policy and labor market policy, the ‘Swedish model’ of wage bargaining in the framework of collective agreements between employer organizations and unions remain more or less intact. The present government have also sought to guard this model from outside pressures from the EU.

2. Health services and social aid¹⁴¹

2.1 Healthcare

In terms of general background, Sweden has a universal state subsidised healthcare system. Patient fees are collected for patients over the age of 20 in the range of €10-25/visit or day in hospital. The highest amount paid for healthcare including prescription medication is €125/year (2013). Until 2007, Sweden was among the few countries that did not have any limit to the amount of days an individual could receive sickness benefits. Short-term sickness benefits are generally income-based.

2.1.1 Eligibility for sickness benefits

Who has a right to receive sickness benefits (exclude private insurances)?

Cash benefits are paid to gainfully employed persons earning 10,560 SEK (€1,221) or more per year or the insured is involuntarily unemployed and registered with the unemployment services. For employed persons, there is one qualifying day before receiving sickness benefits. For those with a private firm there is a minimum of seven qualifying days, but an individual firm holder can decide on more qualifying days up to 90 days. The more qualifying days, the lower the sickness insurance fee paid by the firm.

¹⁴¹ A useful source for Italy, Greece and Spain is:
http://www.academia.edu/download/30582208/austerity_policies_and_the_esm.pdf . Even
<http://www.econstor.eu/bitstream/10419/83958/1/769847420.pdf> is useful for crisis-affected countries such as Greece, Italy, Spain, the UK.

Differences across groups like residents/non-residents or public/private sector workers?

All persons residing in Sweden are eligible.

Subsidised healthcare and dental care was extended to also include those residing without a permit in Sweden to the same level offered those whose asylum applications are being processed. Individual county councils are also given the opportunity to offer the same level of care as they do to other citizens. Children residing in the country without a permit are to be offered the same level of care as ordinary citizens (Act of 2013:407).

How long would the benefit be paid?

Until 2007, Sweden was among the few countries that did not have any limit to the amount of days an individual could receive sickness benefits. Short-term sickness benefits are generally income-based.

July 2008: A time limit is set on the right to sickness benefits. Eighty per cent of income can be paid for a maximum of 364 days. An extended sickness benefit at 75% can be applied for during a maximum of 550 days. In cases of very serious illness, 80% may be paid for an unlimited period of time.

July 2008: A new rehabilitation chain is introduced. In the first 90 days, the ability to work is measured against the usual tasks or other temporary tasks offered by the employer. After 90 days, the ability to work is measured against other jobs that might be offered by the same employer. After 181 days the ability to work shall be measured against other jobs available on the labour market.

July 2008: Long-term or permanent sickness benefits shall only be awarded to the chronically ill or to those with irreversible injuries where rehabilitation will not lead to any ability to work. Factors that have been previously taken into account such as age, living conditions, education, prior work, or other similar circumstances will not be taken into account.

October 2008: An employee who is sick has the right to take leave from work to try employment for other jobs. This applies if the insured have had a reduced ability to work during at least 90 days.

December 2008: A person receiving long term sickness benefit can earn up to 42,800 SEK (€4,947)/year without losing benefits as a way to facilitate the return to work.

January 2010: The rule regarding sick people's ability to work is measured against the whole labour market is changed and made less strict. The point at which an individual's work ability is to be measured against the whole labour market (180 days) can be postponed not just in case of 'particular strong reasons' but also in cases when it is deemed 'unreasonable' (*oskäligt*). After 365 days it is suggested that work ability will be tested against the whole labour market if it is not deemed unreasonable.

January 2010: Those seriously ill can get sick benefits at a level of 80% of their income even after such benefits have been received for 364 days.

January 2012: Sickness benefits in specific cases for individuals who have already received the maximum amount of time is introduced.

January 2012: It will be possible to get additional sick benefit in cases where, in light of the gravity of an individual's illness, it would be unreasonable not to pay benefits for sickness.

January 2012: It will be possible to receive sickness benefit based on income for more than 914 days for the total of an injury even if only 25% of that injury is work related.

January 2012: It will be possible to receive sickness benefit at the normal level (80% of SQIB) for more than 364 days if the reduction in work reduction is at least 25% the cause of serious illness.

2.2 Sickness benefits

How large is the benefit – relative to the average salary?

January 2007: The ceiling for the calculation of the SQBI is lowered from 10 to 7.5 of price base amount. The new ceiling is placed at a yearly income of 302,205 SEK (€34,937) as compared with €45,000 for 2006. This excludes parental benefits but includes sickness leave, leave for rehabilitation, work injury and others.

From January 2007: For the unemployed a maximum of 486 SEK (€ 56)/day is paid in sickness benefits.

2.3 Healthcare services

How large, if at all, is the citizens' contribution when visiting public health services (hospitalization, examinations, home visits, dentist)?

Sweden has a universal state subsidised healthcare system. Patient fees are collected for patients over the age of 20 in the range of €10-25/visit or day in hospital. The highest amount paid for healthcare including prescription medication is €125/year (2013).

Access to home visits from doctors or nurses differs across municipalities.

Dental care is free for citizens up until the year when they turn 19. For asylum seekers and for foreigners residing in Sweden without the necessary permits the age limit is 18 years.

July 2008 (Law 2008:145): Benefits for dental care is introduced. For treatments at a cost (based on a reference price set by the state) of 3,001-15,000 SEK (€347-1,734) benefits cover 50%. For treatments above 15,000 SEK (€1734) benefits cover 85% (costs for treatments that exceed the reference price set is paid by the patient).

Dental care is regulated in the Dental Care Act (*Tandvårdslagen* 1985:125).¹⁴²

How long is the maximum waiting-time for a visit in primary health-services, if applicable?

Contact with primary care (either by telephone or visit) should occur on the same day (Förordning (2010:349) om vårdgaranti).

2.4 Elderly care

2.4.1 Retirement age and eligibility (rights)

What is the retirement age for men and women, are there any differences across the type of work done? Is there an option for early retirement, in what conditions?

The retirement age is flexible. Earnings-related old age pension can be collected from the age of 61. Premium pensions can also be paid from the age of 61. The flat rate guarantee pension can be collected from the age of 65. Private pensions and pensions administered by employers can be paid from the age of 55.

The actual median retirement age 2013 lies between 62,3 and 64,5 years depending on which other benefits, such as sickness benefits, are included in the calculation. The median retirement age for old-age pension is 64,5 years. It has remained more or less the same since 2005 only fluctuating between 64,8 in 2005 and 64,5 in 2013.¹⁴³

Source : Swedish Pension Agency

¹⁴² For a comprehensive summary of changes in the Social Insurance from 1st January 1968 to March 1st 2014 see http://www.forsakringskassan.se/wps/wcm/connect/18e69eee-6acc-4a82-8040-8e74825a3540/forandringar_inom_socialforsakringen.pdf?MOD=AJPERES (Swedish only)

¹⁴³ For an overview see

http://secure.pensionsmyndigheten.se/download/18.690196a41460e8c6bd6449/1400486394267/Medelpensioner_ingen%C3%A5lder+och+uttr%C3%A4des%C3%A5lder+2013.pdf

2.4.2 Retirement benefits

How large is the old-age pension?

Old-age pensions are earnings related.

Give absolute average measure of old-age pension and describe how it is in general calculated.¹⁴⁴

The general state pension scheme is made up of two main components an income base pension and a smaller part which is 'premiepensionen', premium pension.

The first part is calculated on the basis of incomes from employment, including self-employment and taxable incomes from social insurance such as sick, unemployment and parental benefits. 7% of income earned is paid. State pension is normally calculated on the basis of 93% of the actual income.

The second part of the general state pension is *premiepensionen*. Each year, 2,5% of the income is placed in investment funds in an individual mandatory account. Citizens can choose the pension fund where they would like to place the money.

Is there a measure of a means-tested benefit for pensioners with incomes below a given threshold (minimum vieillesse), if yes, specify the threshold (relative to average income in the country).

For people whose incomes are too small or inexistent a guarantee pension is paid after the age of 65 provided that they have been residents in Sweden for at least 40 years since their 16th birthday. For every year missing 1/40 of the pension is deducted. For those who are married the flat rate guarantee pension amounts to 7,030 SEK (€813)/month if married and 7,881 SEK (€911)/month if unmarried.

¹⁴⁴ Pensions systems are extremely complicated and one can often combine state minimum pension, pensions paid by the employee and the private savings in specific retirement funds. Keep the description simple or provide some reference to the source which describes the method in English.

2.4.3 Elderly care services (services)

Is there any public elderly care (residential home for elderly, nurses' assistance at home)?

Much of the elderly care services are organized on the municipal level. The relevant law (*Socialtjänstlagen* 4-6 §) includes general formulations regarding the right to a life in dignity, well-being, safety and specifies the duty of municipalities to arrange support in the home and also arrange for special forms of residents for those with special needs (*Socialtjänstlagen* §5).

If yes, how large is the required co-funding?

The maximum amount paid for elderly care is regulated by state law (*socialtjänstlagen* 8 kap 5 §) and amounts to a maximum of a 1/12 of 0.48 times the price base amount. For 2013, this amount was 1,776 SEK (€205/month). This amount can be lowered if a person's disposable income is low.

How long is the maximum waiting time for a place in residential home for elderly?

There is no regulated waiting time. Decisions regarding placement in a residential home shall be implemented as soon as possible. In practice waiting times can vary

2.5 Care of disabled people

2.5.1 Disability pension and care

Who is eligible for disability pension and care?

Persons who have at least a 25% loss of work capacity and who are unlikely to ever be able to work full-time as a cause of sickness, injury or functional impairment; who are between 30 and 65 years old; and who are living or working in Sweden when becoming sick. For 19-29 years olds there is a corresponding benefit called activity compensation.

Do residents and non-residents have the same rights?

To be insured in Sweden you have to live or work in Sweden.

2.5.2 Benefits

How large is the disability pension? Give absolute average measure and relative to the prior salary (if applicable).

Permanent sickness compensation and activity compensation are earnings related. 64 % of the mean income during recent years is paid. The maximum amount paid is 17,800 SEK (€2,058)/month before taxes. If a person has not been working or have had low incomes a minimum benefit of 8,900 SEK(€ 1029)/month before taxes if the person has been a resident all of his/her life. For persons who have immigrated the minimum level benefit may be lower. The minimum benefit for 19-29 year olds receiving activity compensation ranges from 7,787 SEK (€900)/month to 8,715 SEK (€1,007) /month depending on age.

2.5.3 Services

Is there any public care (residential house, home assistance) for disabled people? How large is the required co-financing? Is there a regulated maximum waiting times for a place, if yes, report how many months?

No.

Is there an option for home-care, if yes, how this is regulated/compensated?

Individuals who have a significant need for support or service due to lasting physical or mental disability that causes significant difficulties in daily life can receive assistance compensation. The compensation covers 275 SEK per hour of assistance. In special circumstances the compensation can be given at an amount of 308 SEK per hour.

Children can receive assistance compensation under the Act regarding support and Service for Persons with Certain Functional Impairments (LSS) if he/she has a significant need for support or service due to lasting physical or mental disability that causes significant difficulties in daily life. If the child needs help with basic activity more than 20 hours per week and if the child is insured in Sweden. The compensation amount is SEK 280 per assistance hour.

If a child needs less than 20 hours assistance per week it is up to the municipality to decide on the types of assistance provided to the child.

2.6 Poverty measures

2.6.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for poor (e.g. allowances for heating, electricity, food)? Please list only means-tested measures and follow a structure: the name of the instrument; who is eligible; what exactly one is entitled to receive (e.g. financial aid, a service based on caseworker's discretion).

2.6.2 Housing supplement

Individuals receiving activity compensation (disability pension) or sickness compensation are eligible for housing supplement if they are resident in Sweden and have an income below 17 500 SEK (€ 2023) before tax/month and have little or no assets.

This is calculated on the size of home, income and assets. At most you can receive 93% of housing costs up to 5,000 SEK (€ 578) /month for a single individual household and 2,500 SEK (€ 289) if married.¹⁴⁵

¹⁴⁵ For an overview of rules for housing supplement see <http://www.forsakringskassan.se/wps/wcm/connect/8842550e-845e-41c6-9d8c->

2.6.3 Housing allowance

Parents living with children are eligible for housing allowance if costs for housing exceed 1,400 SEK (€162) /month and the yearly household income does not exceed 423,000 SEK (€48,902).

Individuals aged 18-28 with low incomes living without children are also eligible for housing allowance. Housing allowance is calculated on how many people live in the household, housing cost, size, incomes and assets. For parents the amount paid is also dependent on how much of the time the child lives with the parent applying for the allowance.

Housing allowances in Sweden are part of the social insurance system and administrated by the social insurance agency. Social welfare, on the other hand, is regulated by the Board of Health and Welfare and the municipalities and are subject to much stricter conditions.

Social welfare assistance is the final safety net of the Swedish welfare state. It is a complement to general systems of benefits, in cases where the benefits available through such systems are not available or not sufficient for an individual citizen. Social welfare assistance is designed primarily as a measure paid during limited periods of time.

Economic aid is meant to cover the basic necessities such as food, hygiene, telephone, insurances and minor expenses and is based on the minimum amount that is needed to function in Swedish society. The amount paid depends on a range of different factors specified by the *riksnormen*, the 'national norm'. The norm takes into account for instance the number of people in the household, age, children and youth eating lunch at home. Economic aid to cover housing costs are separate. Certain supplements can be made to cover expenses for childcare, work travels, maintenance payments to the other parent, medicine and hospital visits (up to the maximum amount paid), glasses and necessary dental care.

No wide-ranging changes of the Social Services Act (SSA) which regulates welfare assistance have been initiated during the period (the last general revision of the act took place in 2001). In 2013 the National Board of Health and Welfare issued a new set of guidelines for the implementation of the SSA in the field of social welfare assistance, replacing the old one from 2003. Some minor changes have occurred in recent years:

2012: The decision was taken to allow that parts of the income acquired from employment should not be included in the calculation of social welfare assistance benefits. The stated reasons for this were to facilitate the reintroduction into the labor market amongst those receiving this type of benefit. Concretely, the law change entailed that 25% of incomes from employment should be exempt from the calculation of the benefit. Furthermore the change entailed that the level at which the income of children residing with those receiving social aid would be included in calculations regarding the right to aid, would be raised. (prop. 2012/13:94). The rationale of the change was to remove obstacles for those receiving social aid to enter into employment.

From 2014, households with children in the fourth to ninth grade can get compensation for certain extracurricular activities.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT HEALTHCARE AND SOCIAL AID POLICIES (with the date of acceptance):

Social Insurance Act, 2010:110 (*Socialförsäkringsbalk*).

Social Services Act (*Socialtjänstlag* (2001: 453)).

Health and Medical Services Act (*Hälsa och sjukvårdslag* (1982:763)).

Act concerning Support and Service for Persons with Certain Functional Impairments (*Lag* 1993:387 *om stöd och service till vissa funktionshindrade*).

Assistance Compensation Act (1993:389).

Act regarding Healthcare for Certain Foreigners who Reside in Sweden without Necessary Permits (*Lag* (2013:407) *om hälso- och sjukvård till vissa utlänningar som vistas i Sverige utan nödvändiga tillstånd*).

Ordinance on the care guarantee (*Förordning* (2010:349) *om vårdgaranti*).

Proposition (2012/13:94), *Jobbstimulans inom det ekonomiska biståndet* (work stimulus in economic aid).

Comments:

Since 2005, and more particularly in July, 2008, a new rehabilitation chain was introduced. This meant a considerably stronger inter-linkage between the health insurance system and the labor market programs. The most significant aspect of the new rehab chain was that it came with strict time-limits and stricter demands on individuals to readjust. If the prospects were low that an individual can perform the tasks previously performed with their employer it is demanded that they try to seek employment at another employer or in another profession, or engage in programs administered by the employment agency.

The reforms in the social insurance system were very controversial and aroused considerable public and political debate in Sweden. Apart from the changes in the rules, it was also argued by some that the Social Insurance Agency made assessments that were overly strict. In recent years a series of exceptions have been introduced, especially aimed at those with serious illnesses and cancers in particular. It should also be noted that while the social insurance was one of the main issues in the 2010 elections, the questions on sickness benefits is largely absent from the debates in the current run up to the 2014 elections.

The new Social Insurance Act entered into force in January 1st 2011. The act, following government proposition 2008/09:200, replaced around 30 existing acts in the field of social policy and placed them in the framework of the new act. The effort to collect all relevant legislation in one act was started by the previous government already in the early 2000s and had the objective to simplify the system of rules.

Only minor changes have occurred in the policies regarding social aid. The policies initiated to facilitate the move from social aid to employment was initiated by the previous government in the first half of the 2000s.

3. Taxation and policies in respect of housing

3.1 Taxation

3.1.1 Consumer taxation

How large is the VAT, energy (electricity) tax, gasoline and diesel tax, and the tax for the oil used for heating the homes?

The general level of VAT in Sweden is 25%. The VAT for foods, restaurants, hotels, art sales is 12%. The VAT for books, libraries, museums, sports and personal transports is 6%.¹⁴⁶ As of January 2012 the VAT for the restaurant sector was lowered from 25% to 12 %. Parliament decision of 2011 11 23.

3.1.2 Income tax and exceptions

The average worker in Sweden is faced with a tax burden on labor income of 42,9% in 2013 (OECD average 35,9 %). From 2000 to 2013 there has been a decrease from 50,1 % to 42,9%.¹⁴⁷

What is the lowest taxable annual income?

Earnings below 18 782 SEK (€ 2,171) per year (for 2014) are not taxed.¹⁴⁸

¹⁴⁶ http://europa.eu/youreurope/business/vat-customs/buy-sell/index_en.htm#sweden_en_paying-taxes

¹⁴⁷ <http://www.oecd.org/sweden/taxingwages-sweden.htm>

¹⁴⁸ <https://www.skatteverket.se/omoss/temasvartpavitt/sabeskattasdinlon.4.71004e4c133e23bf6db800098293.htm>

3.1.3 Inheritance tax

The inheritance tax was abolished on January 1st 2005.

3.1.4 Real estate tax

How large is the tax on private individuals' owned houses or apartments? Are there any exemptions, which kinds?

Real estate tax was abandoned in 2008 and was replaced by a municipal real estate fee of 0.75% of the value or a maximum of 7,112 SEK (€822) (for 2014) for one or two dwelling houses. For rented apartment houses, the real estate fee is a maximum of 1,217 SEK (€ 141) for each apartment or 0,3% of the value, whichever is the lowest.

3.1.5 Rights related to mortgage loans¹⁴⁹ or unpaid rent

What happens if a person renting the house/apartment is unable to meet their payment commitments? Is there any regulation of evictions?

If residents are unable to pay rent, landlords can (in accordance with *Jordabalken* 1970:994 kap 12) apply for an eviction.

3.1.6 Social housing

Is there an insitution of social housing and who are eligible to stay there, for how long a time period?

¹⁴⁹ Useful reading about this issue is an article - Van der Heijden, H., Dol, K., & Oxley, M. 2011. Western European housing systems and the impact of the international financial crisis. *Journal of Housing and the Built Environment*, 26(3), 295-313, <http://link.springer.com/article/10.1007/s10901-011-9230-0/fulltext.html#CR18>.

Social housing, or housing support for young people, people with addictions, or with special needs are regulated under the social Services Act Chapter 6. Different municipalities make different forms of support available.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT TAX & HOUSING POLICIES (with the date of acceptance):

The Social Service Act (2001:453 *Socialtjänstlagen*).

Ordinance on the Social services (*Socialtjänstförordning* 2001:937).

2008 Proposition for abandonment of the real estate tax, proposition 2007/08: 27.

2012 Proposition for the general budget (lowering the VAT for the restaurant sector), proposition 2011/12: 1.

Comments:

The tax burden on wages have been reduced considerably in successive stages with the center-right government. As one respondent in the Ministry of social affairs noted, benefits have not only been subjected to explicit cuts, but the discrepancy between wage income and the incomes you are able to attain on benefits (sickness, unemployment or social aid) has increased, which, in relative terms constitutes a decrease in benefit levels.

4. Family policies and costs of education

4.1 Maternity/parental leave

4.1.1 Eligibility and flexibility

Who has the right to take maternity/parental leave, for how long a time?

Income based parental leave is paid for 390 days/child + 90 days with a flat rate benefit. For the unemployed there is a minimum level parental benefit.

From January 2010: If a single parent is sick or contagious another person can get temporary parental leave to care for the child (under three years old).

Parents can use their benefits for parental leave simultaneously for 30 days during the first year of the child. The 10, so-called 'dad days', remains. Parental leave is still paid for a total of 480 days per child.

Could it be combined with part-time working?

Parental leave benefits can be combined with part-time employment up to full-time.

4.1.2 Benefits

How large is the payment when the person is on maternity/parental leave? Give the absolute average measure and relative to the prior salary (if applicable).

Income-based parental leave is paid at the level of 80% of the income (90% for public sector employees).

July 2006: The income ceiling for the calculation of health benefit payments (including benefits for parental leave) is raised. The ceiling corresponds to a yearly income of 397 000 SEK/year (ca €45,895). The benefit is paid to an amount of 80% of that income.

July 2006: A part from the income based parental leave benefits parents are entitled to 90 days with a flat rate payment. This benefit is raised from 60 SEK per day (7€) to 180 SEK (21€) per day. The parent who stays at home with a sick child receives an income based benefit amounting to 80% of the wage (90% for public sector employees).

January 2012: The demand to apply for the equality bonus is removed. It is paid automatically if the conditions are met.

4.1.3 Child allowance (right, benefit)

Who is eligible to receive child allowance and how large is it?

There is an automatic and universal flat rate child allowance/child that is paid from the birth of a child to the age of 16 (prolonged if to 18 if the child attends school at gymnasium level).

July 2010: A slight increase in the flat rate universal monthly parental benefit for those with several children. Basic benefit 1050 SEK (€121) per month and child.

Table 1: Child allowance per child and month

Number of children	Child allowance
1	1050 SEK (€121) /month
2	2250 SEK (€260)/month (increase 50 SEK (€5.78))
3	3754 SEK (€434)/month (increase 100 SEK(€ 12))
4	5814 SEK (€672)/month (increase 150 SEK (€18))
5	8114 SEK (€938)/month (increase 200 SEK (€24))
Over 5 children	Et cetera for every additional child

4.1.4 State policy towards families with excessive debts/over indebtedness

Debt relief (*skuldsanering*) is administered by the Swedish Enforcement Agency (*Kronofogden*).

Is there any aid (benefits or services) for families that have excessive debts?

Individuals can apply for debt relief in accordance with *Skuldsaneringslagen* (the law on debt relief SFS 2006: 548 of June 8th 2006). The Swedish Enforcement Agency (*Kronofogden*) publishes the ‘normal amount’, which is what you are guaranteed to keep of you monthly salary if you are unable to pay your debts excluding costs for housing and certain other costs. The amounts for 2014 are summarized in the table below:

Table 2: minimum subsistence amounts

Recipient	Minimum subsistence amount¹⁵⁰
Single adult	4680 SEK (€541)/month
Couples residing together	7732 SEK (€894)/month
Children to the age of 6	2483 SEK (€287)/month
Children 7 years or older	2858 SEK (€ 330)/month

Do children have to pay back the loans taken by their parents (can one inherit a loan)?

Debts are not passed on to those inheriting the estate of a deceased person. However, any existing assets of the estate of the deceased have to be used to settle outstanding debts.

¹⁵⁰ <https://www.kronofogden.se/Existensminimum.html> Source: Swedish Enforcement Agency

4.1 Education

4.1.1 Pre-school (one to five years)

If there is a public pre-school system – who is eligible for it and how large are the fees? Are there any exemptions, which kind?

According to the School Act (ch. 8 § 4) children shall be offered pre-school for at least 525 hours per year from the fall of the year they turn three. According to § 5 of the same chapter, children shall be offered pre-school from the first year of age to the extent needed to cover the time spent by parents working or studying. Children whose parents are unemployed or on parental leave shall be offered a minimum of three hours pre-school per day or 15 hours per week. Some municipalities, for instance Stockholm, offers 30 hours per week.

Pre-schools are heavily subsidised. It is up to individual municipalities to apply rules regarding maximum fees paid for pre-school. According to the National Agency for Education 100% of Swedish municipalities apply the rules regarding the maximum fee. This means that the fees paid can only correspond to a maximum of three, two and one per cent of the household's gross incomes for the first, second and third child respectively.

Households with total earnings exceeding 42,000 SEK per month pay the maximum fee. A monthly fee is paid calculated on household income (maximum 1260 SEK (€ 143)/month for the first child, 840 SEK (€97) per month for the second, and 420 SEK (€49/month for the third).

4.1.2 Primary-school (6-15)

Are there any fees in public primary schools? How large? Are families eligible for benefits (transportation, lunch etc.)?

There are no fees in public primary schools (*School Act, Skollagen* 2010:800, ch. 10, § 10). All students should be offered nutritious school meals. Children attending public primary school

have a right to free transportation if such transportation is necessary in view of distance, traffic conditions or the pupil's disability (*Skollagen*, 2010:800, ch. 10, § 32).

4.1.3 Gymnasium

If there is a public gymnasium system – who is eligible for it and how large are the fees?

The public gymnasium system is tuition-free (*Skollagen*, ch. 15 § 10). All students who have completed primary education are eligible for education at the gymnasium level. Depending on the program, different admission criteria apply.

Are families/pupils eligible for benefits (transportation, housing, lunch etc.)?

The municipality of the student shall in some cases give economic support to students who need housing during the school term (*ibid*, ch. 15 § 32).

4.2 Costs of university level studies

4.2.1 Tuition fees and exceptions?

How large are the fees at public universities and are there any exceptions? Are students eligible for benefits (housing, transportation, etc.)?

There are no tuition fees for public universities for Swedish citizens, citizens of the European Community and Switzerland (*Högskolelagen* 1992: 1434, ch. 4 § 4). Students attending university courses at full-time are eligible for a flat rate monthly benefit of 2,820 SEK (€ 326)/month during the academic year. Students are also eligible for student loans administrated by the National Board of Student Aid at an amount 6184 SEK (€715) per month (*Studiestödslagen* 1999:1395).

The income ceiling for receiving full benefits is 60,193 SEK (€6,959) per semester. Students attending university-level studies are eligible to seek rent-controlled housing in student apartments.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE POLICIES AND PLICIES AFFECTING THE FUNDING OF THE EDUCATION (with the date of acceptance):

School Act (*Skollagen*, 2010:800).

Parental Leave Act ((1995:584) *föräldraledighetslag*).

The Student Support Act (*Studiestödslagen*, 1999:1395).

The Higher Education Act (*Högskolelagen*,1992:1434)

The Debt Relief Act (*Skuldsaneringslagen*, 2006:548 of 8th June 2006).

List of key legislative acts in English in the field of Education policy from the Swedish government <http://www.government.se/sb/d/3288/a/19574>

Comments:

Parental benefits have gone largely untouched by the otherwise wider-ranging reforms of the Swedish welfare system as regards health insurance and employment insurance. Some have noted that the levels of benefits have not been adjusted upwards to match raising costs, effectively hollowing them out. However, they have not been subjected to any explicit cuts. In some cases benefits have also been raised (in absolute terms). This regards the flat rate minimum benefit for parental leave.

Some of the conditions in the parental leave benefits have also been made more generous, with the ability for two parents to take parental leave in parallel during parts of the first year, and the ability for single parents to let someone else take the compensation for caring for a sick child, if the parent is unable to do so in case of illness.

It is also notable that fees remain absent in the educational system, including higher education, and that the fees for pre-school remain heavily subsidised, and particularly so for households with small incomes.

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Switzerland

Summary

This report provides an overview and analysis of policy changes in Switzerland from 2005 to 2014. Four policy fields have been studied, namely:

1. labor policies (employment, unemployment, and rights for unionization);
2. health services and social aid, including elderly care, care of disabled people, and poverty measures;
3. taxation and policies in respect of housing, and;
4. family policies and costs of education.

The Policy Context: Switzerland is a federal state with three political levels: the federal government, the 26 cantons and around 2,600 municipalities, characterized by several forms of vertical and horizontal co-operation between the different levels. An important element of the Swiss federal system is the non-centralized division of powers, as cantons have retained powers in the areas of education, employment, migration, and social policy including health, housing, and social services. Swiss cantons and municipalities enjoy a high degree of autonomy in terms of financing, services organization, and policy discretion. The decentralized division of powers is also mirrored in the fiscal federal structure, giving the cantonal and municipal level own tax bases. The role of federal-level administration is restricted in its implementation leeway yet it retains core tasks with regard to law-making and the provision of central policy guidelines and recommendations to the cantons. Given that there are differences in terms of policy-making and implementation among the 26 cantons of the country that are difficult to detect within the timeframe of the present study, we decided to base our policy analysis on policies initiated, and changes triggered, by the federal level while also giving examples of how these changes have been implemented by the cantons (where possible).

The Findings: The changes that occurred in Switzerland show that, along with efforts to strengthen the social safety net, there has also been a tendency towards providing incentives to activate the unemployed and the disabled while reinforcing conditions for individualized

means-testing that is characteristic of a selective welfare system. For instance, the revision of the unemployment insurance law (LACI) in 2011 signalled a further liberalization of the unemployment benefits regime in Switzerland. Changes have been observed in the contributions conditions vis-à-vis the number of allowances, and the waiting period. With regard to healthcare, between 1999 and 2009 health insurance premiums increased by 54%, with increasing out-of-pocket payments. Against this background, the *Loi fédéral sur la réduction des primes* (Article 65, LAMal) introduced in 2005 the provision that, for low or medium household income, cantons reduce premiums by 50% for children and young adults in education. As far as elderly care is concerned, policy measures have been introduced with a view to strengthening the social safety net for the elderly. Older persons with a weak disability became entitled to receive helplessness allowances which, since 2011, only persons with a moderate or severe disability were entitled to receive. In the area of care for the disabled, the principle of integration or re-integration into working life was further strengthened by the fifth and the sixth waves of reforms, in 2008 and 2011 respectively. Measures such as early recognition and early intervention, stricter penalty clauses and an adapted definition of the term 'disability' were introduced with a view to producing disability insurance savings of up to CHF 624 million a year by 2025. Concerning the social assistance system, there has been a move towards strengthening means-testing and the 'principle of individualization', meaning that the welfare benefits given should be conditional upon the economic, social and personal case of each individual. This principle is particularly evident in the circumstantial benefits that are granted after thorough assessment of the individual situation. It is also evident in the introduction of the incentive allowances aimed to encourage social assistance recipients to become more active in their efforts to find work and/or participate in training programs and improve their employability.

1. Labor policies

1.1 Employment

1.1.1 Termination of contracts (rights, benefits)

Are there legal rights of advance notice, how these look like and to whom these are applicable? What is the compensation (fee) for the termination of the employment contract of full-time workers? Does the law establish a public policy list of 'fair' grounds for dismissal? Is redundancy (also known as retrenchment, termination for economic reasons, necessities of

the company, or objective causes) considered a 'fair' ground for dismissal by law, or if such dismissal always entails a mandatory penalty

In Switzerland, based on the Code of Obligations (*Loi fédérale complétant le Code civil suisse, Code des Obligation CO*) employment contracts may be terminated:

- at the initiative of one of the parties;
- by mutual agreement;
- at the expiry of the period agreed in the framework of a fixed-term contract;
- for fair reasons (Article 337, CO);
- at the worker's death (Article 338.1, CO).

Employment contracts are mostly terminated at the initiative of one of the parties. It need not take a specific form. Nevertheless, it must be justified in writing at the request of the other party (Articles 335, 337, CO).

Two types of termination of employment relationship are envisaged under Swiss law. The employer may terminate the contract by ordinary dismissal or by means of dismissal with immediate effect. The ordinary period of dismissal notice varies according to length of service. The notice period is one month during the first year of service, two months for employment from two to nine years, and three months for employment whose duration exceeds nine years. The timeframes envisaged under the law may be changed by written agreement, standard employment contract or collective agreement, but may not be less than one month. Exceptions to this rule are admitted during the first year and if they have been set by a collective agreement (Article 335c, CO). During the probationary period the employment contract may be terminated with a seven-day notice period (Article 335b.1, CO). The probationary period is one month. Various provisions can be agreed in writing, by standard contract or collective agreement, though the probationary period may not exceed three months (Article 335b.2, CO).

The employment contract is suspended during strikes or lockouts. The consequence of suspension is that the contracting parties are relieved of their main obligations under the employment contract, especially that of providing labor, and, correspondingly, that of wage

payment. In the case of collective redundancies, the employer may terminate the employment contracts with a 30-day notice period (Article 335*d*, CO). The employer is also required to consult the workers' representatives before proceeding to redundancies and notify the cantonal labor office. Dismissal is deemed to be a misuse of rights if it is motivated, among other things, by personal reasons or the fact that a worker has exercised his/her constitutional rights, especially the right to participate in trade union activities or a works council, or if he/she is performing a compulsory military or civil service.

In the case of mass redundancies for reasons not pertaining personally to the employees and which affect (a) at least 10 employees in a business normally employing more than 20 and fewer than 100 employees, (b) at least 10% of the employees of a business normally employing at least 100 and fewer than 300 employees, and (c) at least 30 employees in a business normally employing at least 300 employees, the law stipulates that notices of termination are given by the employer to employees of a business within 30 days (Article 335*d*, CO). An employer intending to make mass redundancies must hold negotiations with the employees with the aim of preparing a social plan outlining proposals on ways to avoid such redundancies or limit their number and how to mitigate their consequences (Article 335*i*, CO).

Collective dismissals in breach of the rules on consultation procedures also constitute a misuse of rights (Article 336, CO). The party liable for the misuse of rights for the termination of employment must pay compensation which is decided by the judge and may not exceed an amount corresponding to six months' wages. Only dismissal in an untimely manner is deemed to be void. The employer is not allowed to dismiss a worker under some specified conditions, in particular, during compulsory service (four weeks before and after the service), illness or accident occurred without worker responsibility (30 days during the first year of employment, 90 days between the second and the fifth years, and 180 days since the sixth year) or pregnancy and 16 weeks following the pregnancy (Article 336*c*, CO).

The employer may terminate an employment contract immediately and without notice if there are good grounds for such immediate termination, especially circumstances which, in keeping with the rules of good faith, render the continuation of the work relationship intolerable for the employer (Article 337, CO). In case it is the employer who terminates the employment

relationship, then the employer is required to pay as compensation an amount that corresponds to a salary given during the ordinary period of dismissal notice (Article 337 CO). If termination with immediate effect is unjustified, it does nonetheless remain valid. However, the party who terminates the contract with immediate effect without justifiable cause must indemnify the other party.

1.1.2 Minimum wage

Who has the right to have minimum wage, are there any exceptions?

Switzerland does not have a minimum wage written into law. It does have collective bargaining agreements between its workers and management. Based on Article 360a of the Code of Obligations,

"Where the wages that are customary for a geographical area, occupation or industry are repeatedly and unfairly undercut within a particular occupation or economic sector and there is no collective employment contract laying down a minimum wage that may be declared universally binding, on application by the tripartite commission as defined in Article 360b, the competent authority may issue a fixed-term standard employment contract providing for a minimum wage varied by region and, where applicable, by locality in order to combat or prevent abusive practices.

Such minimum wage must not conflict with the public interest or damage the legitimate interests of other economic sectors or sections of the population. It must have due regard to the minority interests of the affected economic sectors or occupations that stem from regional and business diversity. "

Two cantons have introduced the notion of minimum wage in their constitutions. These are the canton of Neuchâtel (in 2011) and the canton of Jura (in 2013) (see *Constitution de la république et canton de Neuchâtel*, Article 34a3; *Constitution de la République et Canton du Jura*). In the canton of Jura, the application of the law is currently in process. The canton of Neuchâtel has set the level of a minimum wage at CHF 20 per hour (see *Loi portant modification de la loi sur l'emploi et l'assurance chômage, LEmpl*). The amount of CHF 20

per hour was calculated by estimating the amount a single person needs so as not to be in need of social assistance or benefits.

1.1.3 Vacation

Do employees have paid time off for national or local holidays by law or mandatory collective agreement? How many days does the paid vacation last? Do people receive holiday allowances, how large are they?

The employer must grant workers at least four weeks of vacation per year and at least five weeks to workers and apprentices up to the age of 20 years (Articles 329a.1 and 345, CO). Where an employee has not yet completed one year's service, his holiday entitlement is fixed pro rata. The employer must pay the employee the full salary due for the holiday entitlement and fair compensation for any lost benefits in kind. During the employment relationship, the holiday entitlement may not be replaced by monetary payments or other benefits.

During such vacations, the employer must continue to pay wages, except where the worker performs work for a third party during her/his vacations to the detriment of the employer's legitimate interests (Article 329d, CO). Besides, each worker is entitled to one day off per week - Sunday as a rule (Article 329.1, CO). Exceptionally, the employer may grant the worker two half-days free instead of a full day, provided that it is required by specific work conditions and the worker consents to it.

This minimum length of vacation may be extended through contractual agreements. Most companies only offer a fifth week of vacation to employees who have attained a certain number of years of service and/or having reached a certain age. The length of vacation in excess of the legal minimum can be reduced in the event that the worker is unable to work for an extended period of time because of illness, takes non-paid vacation, etc. No holiday allowance exists.

1.2 Unemployment

1.2.1 Eligibility and constraints

What are the requirements for being officially registered as the unemployed? Who is entitled to unemployment benefit (e.g. how many months one has to work for being eligible for this benefit)? Do the rules vary across sectors (private/public) or character of contract (temporary, non-temporary)? How long is the payment period and are there any constraints (e.g. mandatory training, inability to refuse the job offered)?

Unemployment insurance provides benefits in the case of loss of employment, reduced working hours, lack of employment due to weather conditions and insolvency of the employer. This insurance also pays for reintegration measures. All employees are compulsorily insured (Article 2, *Loi sur l'assurance-chômage, LACI*): that is, anyone who is gainfully employed must contribute to the unemployment insurance scheme, with the exception of certain family members of individuals working in the agricultural sector and people who have reached retirement age, as well as their employers. The self-employed are not covered by unemployment insurance. The employee and the employer pay contributions in equal parts, i.e. 1% of the insured salary (Article 3, *LACI*). Individuals working for a foreign employer who does not subject to the compulsory Swiss unemployment insurance scheme has to pay the contributions in full themselves. Unemployment insurance contributions are calculated according to the income on which old-age and survivors' insurance contributions are paid. The maximum level of insured salary is CHF 10,500 per month or CHF 126,000 per year. When the income exceeds these limits, unemployment insurance contributions are calculated according to the maximum income. Cross-border workers who are fully unemployed receive unemployment benefits from their country of residence. Yet, if a person is only partially unemployed or unemployed due to inclement weather, s/he is entitled to receive Swiss unemployment insurance benefits (see *Social Security in Switzerland, Federal Social Insurance Office and State Secretariat for Economic Affairs, 2009*).

A claim to unemployment insurance benefits exists if the contribution requirement has been fulfilled. A number of benefits are provided: unemployment allowance, reduced working

hours allowance, bad weather allowance, allowance in case of insolvency of the employer. Financial benefits for active labor market programmes.

Unemployment allowance is granted as a daily allowance (five allowances a week). With regard to the reference periods:

For allowances it is two years, per case of unemployment. This begins on the first day where all claim prerequisites of the allowance are fulfilled. There is an extension of two years for: insured persons who have started a self-employed activity without the help of the unemployment insurance, under certain conditions; insured persons who have raised their child, under certain conditions; insured persons who have become unemployed in the four years preceding the age giving entitlement to a state (so-called AVS) old-age pension and who are very difficult to recruit.

For contributions it is two years, per case of unemployment. This begins two years before the reference period for allowances. There is an extension of: two years for: insured persons who have started a self-employed activity without the help of the unemployment insurance, under certain conditions; four years for insured persons who have raised their child, under certain conditions.

Claim prerequisites - the insured person must:

- be unemployed or partly unemployed;
- be subject to a job loss of at least two consecutive days, together with a loss of salary;
- be domiciled in Switzerland;
- have completed compulsory schooling;
- neither have reached the age giving entitlement to an AVS old-age pension nor receive such a pension;
- comply with the conditions concerning the contribution period or be exempted from this requirement;
- be available for recruitment;
- comply with the control requirements.

The qualifying period is 12 months within the reference period for contributions.

The general waiting period is five days. For persons with no maintenance obligations towards children under 25 years of age, the waiting period amounts to: 10 days for an insured salary between CHF 60,001– and CHF 90,000– per year; 15 days for an insured salary between CHF 90,001– and CHF 125,000– per year; 20 days for an insured salary above CHF 125,000– per year. The general waiting period does not apply to insured persons whose insured salary is lower than CHF 36,000– per year neither to insured persons whose insured salary is between CHF 36,001– and 60,000– per year and who have maintenance obligations towards children under 25 years of age.

With regard to the number of allowances for which a person is eligible, there are certain provisions. Within the reference period for allowances, maximum: 200 daily allowances for persons under 25 years of age with no maintenance obligations towards children; 260 daily allowances if the insured person proves a contribution period of 12 months in total; 400 daily allowances if the insured person proves a contribution period of 18 months in total; 520 daily allowances if the insured person proves a contribution period of 22 months at least and if he/she fulfils one of the following conditions: being over 55 or receiving an invalidity pension corresponding to an invalidity degree of at least 40%; 90 daily allowances for persons exempted from the contribution period (i.e. for persons in training and education living in Switzerland since ten years and persons under the APG regime (a scheme granting fair compensation for loss of income in case of service and maternity)); insured persons who have become unemployed in the 4 years preceding the age giving entitlement to a state old-age pension and who are very difficult to recruit are entitled to 120 supplementary daily allowances at the most.

One of the main criteria governing claims to benefits is employability. According to Article 15 (LACI), any person "is employable who is ready, able and qualified to accept reasonable work and to participate in integration measures". Unemployed persons over the age of 30 are required to immediately accept any job that corresponds to their experience and education, while unemployed persons below the age of 30 are required to accept any jobs irrespective of suitability to their competences and experiences (Article 16, LACI). Entitlement of the insured person to allowances is suspended if he/she: is without work through his/her own

fault; has renounced, at the expense of the insurance, exercising his/her salary claims towards his/her last employer; does not do all that can be reasonably expected to find a suitable job; does not observe the unemployment control prescriptions or the instructions of the relevant authority, in particular, refuses a suitable job, does not take part in an active labor market programme, interrupts it without any legitimate motivation, jeopardizes or prevents the course of the programme or the realization of its goal; has given false or incomplete information or has infringed the obligation to provide information spontaneously or on request and to announce himself/herself; has unduly obtained or attempted to obtain the benefit; has received daily allowances during the working-out stage of a project but does not start the self-employed activity after the working-out stage through his/her own fault. There is a period of suspension: one to 15 days in the event of a minor infringement; 16 to 30 days in the event of a medium infringement; 31 to 60 days in the event of a serious infringement.

Reduced working hours allowance is granted when: the insured person is subject to an unavoidable loss of work due to economic factors and of at least 10% of the total usual working hours of the company; no leave has been given; the reduction in working hours is probably temporary and should allow keeping the jobs concerned. The duration of payment varies: 18 accounting periods at the most (one accounting period = one month) over a two-year period (the two-year period begins on the first day of the first accounting period for which the allowance is granted); four accounting periods for loss of work greater than 85% of the usual working hours of the company. The waiting period is three days for each accounting period. The amount of the allowance reaches 80% of the last salary (maximum: CHF 10,500 per month) before the beginning of the reduction in working hours.

Bad weather allowance is granted when: the insured person is subject to loss of work declared by the employer, which is exclusively due to meteorological conditions; continuing to work is technically impossible despite adequate protection measures, gives rise to disproportionate costs or cannot be required from employees. The duration of payment involves six accounting periods at the most (one accounting period = one month) over a two-year period. The waiting period is three days for each accounting period. The amount of the allowance reaches 80% of the last salary (maximum: CHF 10,500 per month) before the beginning of the loss of work.

Allowance in case of the insolvency of the employer: to be eligible the insured person must: have salary claims towards his/her employer when a bankruptcy procedure is opened against the latter; make a seizure request for salary claim against his/her employer. The insured person must claim the allowance within a period of 60 days from the date of the publication of the bankruptcy of the employer or, in case of seizure of the employer, within a period of 60 days from the execution of the seizure. When these deadlines expire, the right to allowance ends. The amount of the allowance reaches 100% of effective salary claims (maximum: CHF 10,500 per month) for a maximum of four months.

No special provisions apply to temporary and part-time workers.

1.2.2 Benefits

With regard to the unemployment allowance, insured salary is considered the salary received as a general rule during the last 6 months of contribution before payment of allowances. The maximum is CHF 10'500 per month. Special rules apply to persons exempted from the conditions pertaining to the contribution period (fixed amounts). The amount of unemployment allowance corresponds to 80% of the insured salary and 70% of the insured salary for insured persons who: do not have maintenance obligations towards children under 25 years of age and receive a full daily allowance of more than CHF 140 and do not receive an invalidity pension corresponding to an invalidity degree of at least 40%.

1.2.3 Services

What kinds of training services are available for unemployed, how does it differ for long- and short-term unemployment? Is there any particular help for those starting with their own small business?

Unemployment insurance grants financial benefits for active labor market programmes (ALMPs) that aim at facilitating the occupational integration of insured persons whose recruitment is difficult because of the state of the labor market. These include: educational programmes (individual or collective retraining, improvement or integration courses, participation in training companies and training courses), employment programmes

(programmes of temporary employment, occupational trainings, motivation seminars), specific measures (induction allowances, training allowances, contribution to travel and stay costs, support to insured persons who start a self-employed activity). The types of ALMPs vary from canton to canton.

1.3 Unionization and strikes

1.3.1 Unions and bargaining

Has every worker/employee a right to be part of a union? If not, describe differences. Is a right to unionization specified in the constitution (if it is regulated by other laws, it means weaker protection of rights)? Are workers' councils, committees or equivalent bodies mandated by law? Do employers have the legal duty to bargain and/or to reach an agreement with unions, workers councils or other organizations of workers?

The right of a worker/employee to be part of a union is guaranteed by the Federal Constitution under Article 28 – Freedom of Association. This covers not only the freedom to join together to defend common interests but also the freedom to join or refrain from joining a trade union. This freedom of association is protected by the prohibition of any clause in collective agreements that could compel employers or workers to join a contracting association (Union Security Clause, art. 356a, CO). An ‘opt-in’ clause is nevertheless admissible. Such clauses are designed to oblige workers to submit to collective agreements without necessarily becoming members of one of the contracting association concerned. That submission may also entail the obligation to pay a certain solidarity contribution set by the collective agreement.

Employers must also respect the freedom of association of workers. This is protected – albeit with a degree of flexibility – by Article 336.2a CO, which classifies as abuse of rights any dismissal on grounds of worker involvement in trade union activities. The consequence of such dismissal is that the employer must pay compensation to the worker.

Employers or employers' associations on the one hand, and workers' associations on the other, negotiate and conclude collective labor agreements. The right to bargain and conclude collective agreements is not restricted by law. Nevertheless, according to the Code of

Obligations, employers have a duty to negotiate with the employees' association in the case of conclusion of a social plan to avoid redundancies or to reduce their numbers and mitigate their effects (Article 335i, 'Duty to negotiate in order to conclude a social plan' if the company employs more than 250 workers or if the employer dismisses at least 30 persons within 30 days) and in the case the employer transfers the company or a part thereof to a third party (Article 333, 'Transfer of employment relationship'). Moreover, an employers' association is not empowered to refuse to bargain a collective agreement with a workers' association with a view to weakening the position of workers.

1.3.2 Strikes

Which workers have according to the law the right or the freedom to strike? Are wildcat strikes i.e. the ones not authorized by the labor union the assembly of workers, legal? Are there any time-limits to strikes, any differences across economic sectors?

Are political strikes i.e. the ones for political reasons or to protest government's policy, i.e., non-work-related issues, legal? Are sympathy or solidarity strikes, i.e. the ones by union members or workers who have no grievances against their employer, but who want to show solidarity with another union or workers, legal? Are employers allowed to fire or replace striking workers, in which conditions? Are employers' lockouts allowed by law?

The right to strike is implicitly guaranteed under Article 28.3 of the Swiss Constitution. Striking is nevertheless only of minor significance as by far the most labor disputes are settled without recourse to industrial action. There are no legal regulations pertaining to strike law. The legal framework for strike action is determined solely by case law and the doctrine. As a means of settling labor disputes, strike action plays a role that is strictly subsidiary to conciliation. A strike is therefore only admissible after conciliation has failed. Besides, it must respect the obligation to preserve industrial peace. As striking is a means of exerting pressure on the social partner so as to obtain better terms and conditions of employment, it must only be used in pursuit of goals that can be regulated by a collective agreement. Political strikes or those intended to enforce judicial aspirations are therefore illegal. This is why a strike must furthermore be led by an organization with the capacity to conclude collective agreements.

Lastly, strike action must observe the principles of fair conduct of labor disputes and of proportionality.

Some groups of persons do not enjoy the right to strike. These include civil servants and senior management staff. The consequence of lawful strikes is the suspension of the main obligations arising from employment contracts between the strikers and the employer, including the employer's obligation to pay wages. A strike is not sufficient grounds for immediate dismissal. Moreover, dismissal intended to break the resolve of striking workers is deemed to be an abuse of rights.

In the event of an unlawful strike, the employer has the right to annul the employment contract with immediate effect. The employer may claim compensation equivalent to one-quarter of a month's wages and, where appropriate, further damages (Article 337d 1, CO). Participants in unlawful strikes may also be subject to criminal prosecution. Along with individual workers, associations of workers must answer for such strikes under the rules of the liability of associations.

According to Swiss law, a lockout is a countermeasure by an employer against strike action. It is defined as preventing access by several workers to the place of work and withholding payment of wages so as to enforce certain financial or labor conditions. A lockout may be confined to certain groups of workers, only strikers or non-strikers for example, but it must not target only certain individual persons. The prerequisites for lawfulness are largely the same as for strike action. In particular, lockouts must conform to the principle of proportionality.

Like strikes, lockouts have the effect of suspending the main obligations stemming from employment contracts. They are not tantamount to the cancellation of the contracts, however. If the lockout is illegal, the employer must continue to pay workers' wages and indemnify any damages caused.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT LABOR POLICIES (with the year of acceptance):

Loi fédérale sur le travail dans l'industrie, l'artisanat et le commerce du 13 mars 1964 (LTr, Rs. 822.11).

Loi fédérale complétant le Code civil suisse, du 30 mars 1911 (Etat le 1^{er} juillet 2014) (RS.220).

Loi fédérale sur l'assurance-chômage obligatoire et l'indemnité en cas d'insolvabilité du 25 juin 1982 (LACI, RS. 837).

Constitution de la république et canton de Neuchâtel (RS. 131.233).

Constitution de la République et Canton du Jura (RS.131.235).

Loi portant modification de la loi sur l'emploi et l'assurance chômage du 27 mars 2013 (Lempl, RS. 13.145).

Comments:

With regard to labor relations, major changes refer to the introduction of an obligation to conclude social plans. Until recently, Switzerland's regime for social plans was rather liberal. No obligation to conclude a social plan existed unless one was foreseen in a collective employment agreement. If companies offered severance payments or other benefits in case of redundancies, they usually did so on a purely voluntary and fully discretionary basis. Since January 2014, the amended Swiss restructuring law (Article 335*i*, CO) has been in force and the situation has changed. As a compensatory measure for loosening the legal requirements for the transfer of insolvent businesses, the new rules introduced a duty to implement a social plan in case of mass dismissals. Yet, the provisions on the social plan (Article 335*h-335j*, CO) do not apply to mass redundancies that occur during bankruptcy or composition proceedings that are concluded with a composition agreement. Moreover, the Swiss cantons of Neuchâtel and Jura will be the first to introduce a legally binding minimum wage. It is expected that the groups of people that would be affected by the change in law are employed in the service sector: primarily hospitality, retail, cleaning and maintenance services, or services to individuals.

Changes have also been detected in the area of unemployment. The revision of the unemployment insurance law (LACI) in 2011 signalled a further liberalization of the unemployment benefits regime in Switzerland. More specifically, there have been changes in the conditions pertaining to the contribution period vis-à-vis the number of allowances. Before the revision, the law provided for 11/2 year allowances if a person proved a contribution period of one year in total; after the revision, the law provides for one-year allowances if a person proves a contribution period of one year in total. Before the revision, the law provided for two years allowances if a person over 55 years of age proved a contribution period of 11/2 year in total; after the revision, the law provides for two-year allowances if a person over 55 years of age proves a contribution period of 22 months in total. Also, the revised law introduces stricter conditions for persons 25 years of age with no maintenance obligations towards children; the law provides for nine monthly allowances if a person under 25 years of age with no children proves a contribution period of one year in total. Moreover, the revision of the law introduced for the first time a contribution period (four months) for certain persons who were exempted from the contribution period conditions (persons who have not been able to be under work contract because of training, maternity leave, illness, accident, detention, etc.) as a condition of eligibility to the unemployment allowance.

In addition to the above, there have been changes in the waiting period. Before the law revision, for persons with no maintenance obligations towards children under 25 years of age, the waiting period amounted to 10 days for an insured salary above CHF 60,001 – and CHF 90,000 – per year; after the revision, the waiting period is adjusted between 10 to 20 days depending on the level of the insured salary. Before the revision, the general waiting period for persons who were exempted from the contribution period, such as students and young people that finish school was five days; after the revision, the waiting period increases to 120 days.

Other changes brought about by the law revision in 2011 involve the following:

- Persons participating in an ALM program are no longer eligible to apply for the unemployment allowance after they complete the program. Only persons previously involved in regular economic activity are eligible to apply.

- An unemployed person over 30 years of age is required to accept *any* work s/he is capable of performing.
- Before the revision, a person had a right to take up a temporary job while receiving the unemployment allowance. In that case, financial assistance paid by the state topped up the income up to a *subsistence* standard. The total income was then taken into account in setting up the level of the unemployment allowance. After the revision, the unemployment allowance is no longer computed on the total income, thereby toughening up entitlement requirements for temporary workers.
- For those earning between CHF 126,000 and CHF 315,000, the revised law introduces an additional contribution of 1% (solidarity contribution) to the contributions (2.2% of annual salary up to CHF 126,000) paid to the unemployment insurance.

As to the issues of unionization and strikes, since January 2014, the amended Swiss restructuring law (Article 335i, CO) has introduced a duty on the part of employers (and the organizations representing them) to negotiate a social plan with employee associations to avoid redundancies or to reduce their numbers and mitigate their effects (see also 1.1.4 above).

2. Health services and social aid

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

Who have a right to receive sickness benefits (exclude private insurances)? Are there differences across groups like residents/non-residents or public/private sector workers? How long the benefit would be paid?

Based on Article 324 of the Code of Obligations, the employer is required to pay the employee his/her salary where the employee is prevented from working by personal circumstances for which he is not at fault, such as illness, accident, legal obligations or public duties. More specifically, the employer must pay him his/her salary (for a minimum period of three weeks since one year of employment, then the duration varies between cantons and according to the number of years the person is unemployed by its employer), including fair compensation for lost benefits in kind, provided the employment relationship has lasted or

was concluded for longer than three months. A standard employment contract, written agreement, or collective agreements may derogate from the above provisions provided it gives the employee terms of at least equivalent benefit.

Employers are required to continue paying employees their full wages during illness. Many employers take out an insurance for daily allowance during illness to be able to pay their employees 80% during prolonged absences due to illness. Wage continuation applies for the duration of the employee's inability to work, but no longer than 730 days within 900 consecutive days.

Self-employed persons can take out a paid sick leave insurance to cover the loss of income in the event of illness. They are also entitled to take out a disability pension to receive a pension after the paid sick leave insurance benefits expire (after two years).

2.1.2 Sickness benefits

How large is the benefit – relative to the average salary? If everyone does not get an equal amount, then describe the differences, particularly for residents and non-residents (also asylum seekers).

The employer must pay three weeks' salary during the first year of service and thereafter the salary for appropriately longer periods depending on the duration of the employment relationship and the particular circumstances.

2.1.3 Healthcare services

How large, if at all, is the citizens' contribution when visiting the public health services (hospitalization, examinations, home visits, dentist)? How long is the maximum waiting-time for a visit in primary health-services, if applicable?

The Swiss healthcare system mandates individuals to purchase health insurance on the private market. Anyone (including foreigners and residents without a legal status) who resides in

Switzerland for longer than three months must take out health insurance cover within a period of three months (except German and French cross-border workers who can choose to stay insured in their home country).

Persons residing in Switzerland are required to purchase basic health insurance, which covers a range of treatments divided into three categories: Sickness Insurance, Maternity Insurance and Accident Insurance as these are detailed in the Swiss Federal Law on Health Insurance. The specific range of treatments includes:

- Hospital stay and outpatient care in any general ward of the canton of residency.
- Nursing care, of up to 60 hours per week at home or in a nursing home.
- Examination, treatment and nursing in a patient's home by a physician or chiropractor.
- Rehabilitation ordered by a physician, including health resorts.
- Physiotherapy and ergotherapy (maximum nine sessions).*
- Nutritionist/diabetic consultation (maximum six sessions).*
- Emergency treatment abroad.
- Transportation and rescue costs (50% of emergency transport costs up to CHF 5,000 per year and 50% of non-life threatening transport up to CHF 500 per year),
- Legal abortion,
- Maternity costs, including seven routine examinations, post-natal examination, childbirth and three breast-feeding consultations.
- Serious and inevitable dental treatment.
- Contribution to spectacles and contact lenses of CHF 180 per year for children and CHF 180 over five years for adults.
- Complementary medicines (alternative and homeopathic remedies).

**After physician referral.*

Insurers are required to offer this basic insurance to everyone, regardless of age or medical condition. The insured person pays the insurance premium for the basic plan (linked with the insurance chosen but not with the relative income) up to 8% of their personal income. If a premium is higher than this, the government gives the insured person a cash subsidy to pay

for any additional premium. Insurance premiums vary from insurance company to company. The excess level chosen (franchise), the place of residence of the insured person and the degree of supplementary benefit coverage chosen (complimentary medicine, routine dental care, half-private or private ward hospitalization, etc.) vary too. In 2014, the average monthly compulsory basic health insurance premiums (with accident insurance) in Switzerland are the following: CHF 396.12 for an adult (age 26+), CHF 363.55 for a young adult (age 19-25), CHF 9,152 for a child (age 0-18). For low or medium household income, cantons reduce premiums by 50% for children and young adults in education. Citizens from the EU, Island and Norway living in Switzerland or border workers in Switzerland with low incomes, can also benefit from premiums reductions (see Article 65, 65a-66, *Loi fédérale sur l'assurance-maladie, LAMal*).

Health insurance covers the costs of medical treatment and hospitalization of the insured. However, the insured person pays part of the cost of treatment. This is done by these ways: by means of an annual excess (or deductible, called the franchise), which ranges from CHF 300 to a maximum of CHF 2,500 for an adult as chosen by the insured person (premiums are adjusted accordingly). For multimember families, children altogether pay a maximum of an adult franchise; and by a charge of 10% of the costs over and above the excess. This is known as the retention, and is up to a maximum of CHF 700 per year for adults and CHF 350 for children (women on maternity are exempted from costs of pregnancy from their 13th week of the pregnancy until the eighth week after the pregnancy, Article 64 LAMal). The retention fee for medicine (original preparations and generic medicine) is 20 % if the price is at least 20 % above the average of the cheapest one-third of the medicine with the same active ingredient. This rule does not apply if an original preparation is prescribed for medical reasons. In the case of general practitioner and telemedicine models under basic insurance, medicines are subject to the retention fee defined in the regulations.

2.1.4 Daily contribution in case of hospitalization

If hospitalized, insured persons must pay an additionnal contribution of CHF 15 per day for adults above 25 and between 18 and 25 which are not in education (*Center d'information AVS/AI*; Article 64 LAMal). This amount is due for all days in which the person is in hospital. There are no limits per stay or year. Daily contributions for hospitalization are not

applied to children and young adults who are still in school. Since 2011, the statutory health insurance pays a fixed contribution to cover direct care-related (i.e., medically necessary) inpatient long-term care costs; the patient pays at most 20 percent of uncovered care-related costs, and the remaining care-related costs are financed by the canton or municipality (Article 25a, LAMal).

2.1.5 Supplementary Insurance

Supplementary insurance is voluntary and refers to healthcare beyond the scope of the basic package. There is no obligation on the part of individuals to purchase it, although many in Switzerland do, and the provisos attached to the basic package don't apply here: the market is regulated by the Federal Office of Private Insurance (FOPI) but the Office does not prevent companies from charging higher premiums to those individuals they deem to be of higher health risk. Examples of supplementary insurance packages include:

- dental care;
- the freedom to choose any hospital for 'basic' treatment;
- ensuring increased comfort and privacy during treatment; such as a 'private', one-bed room;
- guarantees of receiving treatment from the most senior physicians;
- a non-smoker package, which offers savings of up to 20%;
- alternative medicines.

Finally, with regard to the indicator 'waiting six days or more to see a doctor or nurse when sick or needed care', the percentage for Switzerland is 2%, the first lowest out of 11 (Commonwealth Survey 2010; no recent data available).

2.2 Elderly care

2.2.1 Retirement age and eligibility

*What is the retirement age for men and women, any differences across the type of work done?
Is there an option for early retirement, in what conditions?*

The Swiss pension system rests on three pillars: the Old-Age and Survivors' Insurance (the so-called 'AVS', first pillar), the occupational pension scheme (second pillar) and private pension schemes (third pillar). The first pillar is a pay-as-you-go system (mandatory for all), the second **required for employed persons only** and the third (voluntary) are funded pension plans.

Pensionable age under the public scheme (AVS) and mandatory occupational pensions is currently 65 for men and 64 for women. A full pension requires contributions for 44 years for men and 43 for women. Persons residing and/or working in Switzerland are eligible to receive the AVS pension.

Early retirement in the first pillar (AVS pension) is possible two years before the standard retirement age, i.e. from age 63 for men and 62 for women as of 2005. In case of early retirement, the full value is reduced by 6.8% for each year of early claiming or by 13.6% (for two years). This is equivalent to an actuarial adjustment, of 4.5% because it is claimed early and $1/44 = 2.3\%$ of the adjustment reflects the additional year that the member has not contributed. For women born in 1947 or before, the reduction in pension benefits from their full value is 3.4% per year of early retirement. Early retirement is permitted in occupational schemes (second pillar) provided that the pension fund's regulations expressly provide for early retirement and under the conditions set by the pension fund. In practice, schemes may allow retirement up to five years before the normal age, although schemes can decide on their own policy. The minimum age for early retirement is set at 58. Generally, the statutory annuity rate is reduced from 7.05% at age 65 (from the 7.1% at age 64 for women), by 0.2 percentage points per year of early retirement. (Note that this conversion rate has fallen gradually to 6.8% over the ten years starting in 2005). The 0.2 point reduction is equivalent to an actuarial adjustment, as conventionally measured, of 2.8 - 2.95% per year of early retirement (increasing with the extent of early retirement). Including also the loss of

contributions and credits as a result of early retirement, the theoretical benefit is 7.6% (one year) - 6.6 % (five years) lower per year of early retirement. The loss increases the earlier the retirement is taken. (The range given is from age 64 to age 60.) In the case of early retirement, the pensioner will only receive the occupational pension (2nd pillar) until s/he reaches the statutory retirement age. Pension funds may allow for a supplementary pension, known as the 'AVS bridge' to bridge the gap until the pensioner receives his/her AVS pension. Early retirement reduces AVS and 2nd pillar pensions throughout retirement.

2.2.2 Retirement benefits

How large is the old-age pension? Give the absolute average measure of old-age pension and describe how it is in general calculated. Report also the minimum pension, if applicable. Is there a measure of a means-tested benefit for pensioners with incomes below a given threshold (minimum vieillesse), if yes, specify the threshold (seuil) (relative to average income in the country).

The amount of the AVS pension depends on the number of years a person contributed, on his/her income and on any credits for child-rearing and care. With regard to education credits, persons who are charged with looking after children below age 16 are eligible for care credits, which are divided equally between the spouses. Here, the number of years and not the number of children is decisive. The education credit is granted not in the year of the birth of a child but in the year in which the youngest child turns 16. The compensation fund applies education credits automatically when calculating pensions. They equal three times the minimum AVS pension at the time when entitlement to the pension begins ($3 \times \text{CHF } 14,040 = \text{CHF } 42,120$).

Moreover, persons who look after relatives are eligible for care credits, provided the following requirements are met: the relatives require assistance and receive care allowance for a moderate or severe disability from the AVS, invalidity, accident, or military insurance. Care contributions for children below the age of 18 with moderate or severe disabilities are treated the same way as the care allowance. The decisive factor is the number of years during which care is provided, not the number of persons. While no credit applies in the year when care starts, the year in which care ends will receive the full amount in credits that are due. Care

credits equal three times the minimum AVS pension at the time when entitlement to the pension begins ($3 \times \text{CHF } 14,040 = \text{CHF } 42,120$).

In order to receive a full pension, a person must contribute to the AVS pension continuously from the age of 17 and from the age of 20 for persons not engaged in gainful employment, (Article 29, *Loi fédérale sur l'assurance-vieillesse et survivants, LAVS*) up until the statutory retirement age. An ordinary annuity of CHF 1,170 a month is guaranteed to anyone with a full contribution period and whose average annual income does not exceed 14,040 CHF. Annuity increases on the basis of a person's average annual income and is capped at CHF 2,340 a month (double the minimum pension), if his/her average annual income exceeds CHF 84,240. If the contribution period is incomplete a partial pension is paid. If not, they will receive a partial pension the amount of which corresponds to a reduction of 1 divided by the number of years between the beginning of the required contribution and the retirement age (usually 44 years).

The combined income of both spouses accrued during the years of their marriage is equally divided and allocated to each spouse when: both spouses are entitled to an AVS or invalidity benefit system (so-called 'AI'); a widow or widower is entitled to a retirement pension; the marriage is dissolved by divorce. The sum of the individual annuities of a couple may not be greater than 150% of the maximum pension (CHF 3,480 a month). If this limit is exceeded, the individual annuities are reduced accordingly. Pensions in payment are adjusted for increases in the cost of living (mixed index) every two years; or every year if the index varies by more than 4%.

Employees and employers each pay half of the AVS contributions. The corresponding contribution rates are calculated as a percentage (8.4%) of the gross salary. The amount in contributions for persons not gainfully employed is calculated based on their assets and their annual income from pensions multiplied by 20. The contributions of married persons are calculated based on half of the matrimonial assets and pension income, irrespective of the matrimonial property scheme. The annual minimum contributions are CHF 480 and the maximum CHF 24,000. For self-employed persons, the contribution rate depends on the annual income. If the annual income is less than CHF 9,400, then the minimum contribution is CHF 480. If the annual income is equal to or exceeds CHF 56,200, then the contribution rate

is 9.7%. With annual income starting from CHF 9,400 up to CHF 56,199, the contribution scale ranges from 5.223% up to 9.202%.

Supplementary benefits to the AVS pension are intended to secure the livelihood of AVS or invalidity benefits recipients who are in an economically weak situation. These benefits are paid primarily by the cantons. They are made of an annual supplementary allowance and the reimbursement of sickness and invalidity expenses (e.g. dental care, help at home or in residential homes, transportation costs, sickness insurance costs covered up to CHF 1,000 a year, etc.) (see: *Center d'information AVS/AI en collaboration avec l'Office fédéral des assurances sociales*; Article 3, *Loi sur les prestations complémentaires, LPC*). Supplementary benefits are paid to persons who are entitled to an AVS pension, a pension or care allowance from the invalidity benefit system, or who have received daily benefits from the invalidity insurance for at least six months, have their residence in Switzerland and also live there, and are Swiss citizens. Persons who are not Swiss citizens may also be eligible for supplementary benefits if they have lived in Switzerland continuously for ten years (as a rule there is no qualifying period for citizens of EU and EFTA countries). The amount also differs between people living in their own residence or in elderly homes. Supplementary benefits are non-contributory means-tested and depend on the person's income and assets. They are calculated on the basis of the difference between creditable income and recognized expenditures such as rent and standard living costs in the canton, etc. (subsistence minimum).

2.2.3 Elderly care services

Is there a public elderly care (residential home for elderly, nurses' assistance at home)? If yes, how large is the required co-funding? How long is the maximum waiting time for a place in residential home for elderly? Do the right for these forms of care differ on basis of citizenship or residence?

Formal elderly care is provided in old-age or disability homes, in medical nursing homes and at the homes of the care beneficiaries, for example the so-called Spitex services. Spitex is the Swiss-German acronym for domestic aid and care services provided especially to the disabled and frail elderly outside hospitals and nursing/residential homes. Services are a mix of public and private and are paid for by private insurance or out of pocket. The statutory health

insurance (LAMal) covers the cost of Spitex care services if they are prescribed by a doctor usually up to 60 hours within a period of three months. The cost of Spitex help with household chores is not covered by the basic health insurance. Many insurance companies offer complementary insurance policies to cover these services. Statutory health insurance and the other social insurances cover the cost of home *nursing* care, which made up roughly one-third (29.3%) of Spitex's total expenditure. The rest (21.0%), devoted mainly to support and household services, is paid for by customers (out-of-pocket), private voluntary health insurance, and other private funds.

Generally, the long-term care delivery system in Switzerland is highly decentralised and the cantons are formally in charge of organizing and of contributing to cover the costs of long-term care. The central – or federal – State has limited competencies in this field. German speaking regions of Switzerland have so far relied more heavily on nursing homes, whereas French-speaking areas have developed home care services and home healthcare to a greater degree. 29.7% of the 1,585 nursing homes in Switzerland (2011) are state-operated and -funded, 26.9% are privately operated but with public subsidies, and 43.4% are funded exclusively by private means.

While long-term care is largely regarded as an individual and family responsibility, part of long-term care expenditure is covered by the statutory health insurance (LAMal), the Old-Age and invalidity benefit system (AVS-AI), and the so-called supplementary benefits to AVS-AI pensions.

At individual level, the statutory health insurance provides universal in-kind benefits, covering the medical costs, part of the cost of home-care services, and a contribution to the care costs incurred in nursing homes and in 'protected residencies' (i.e. nursing homes where senior people reside after having transferred the ownership of their personal residence to the nursing home), but it does not cover other costs such as accommodation (which is paid by a person's own resources such as a pension, supplementary benefits and from assets). The reimbursement offered by the statutory health insurance varies with the intensity of care needs and the out-of-pocket contribution of insurers, with the outstanding amount paid for by the Canton of residence of the insured person.

Added to this are the 'helplessness allowances' (Article 112c, LAVS) which are awarded to individuals who are legally resident and normally live in Switzerland if they need because of health impairment personal assistance or regular care from a third party to perform day-to-day tasks. In exceptional circumstances, helplessness allowances may be granted to nationals of a country which has not concluded a social security agreement with Switzerland. The amount of helplessness allowance varies according to the degree of helplessness: it ranges from CHF 117 (in care facility) and CHF 468 (at home) when the level of dependency is low, to CHF 293 (in a care facility) and CHF 1,170 (at home) when the level of dependency is moderate, and further to CHF 468 (in a care facility) and CHF 1,872 (at home) when the level of dependency is severe. A disabled person is also eligible to apply for an assistance contribution (described in section 2.2.3).

Also, in-kind benefits are provided such as auxiliary equipment (e.g. Orthopaedic apparatus, hearing aids, motor vehicles, guide dogs for the blind, special tools, etc. - list established by the Federal Council) is provided to the elderly that live at home and assistance contribution (art. 43bis, 43ter, and 42quinquies, LAVS). Assistance contribution is provided to enable individuals who require care to remain at home despite their disability, making it possible to arrange for help individually. In this case, the AI will pay a contribution of CHF 32.80 per hour. Care providers who require special qualifications in order to administer care because of a particular impairment by the insured person are eligible for an assistance contribution of CHF 49.15 per hour. The rate for night duty is determined case-by-case and based on the amount of care that is required, at maximum CHF 87.40 per night.

In addition to these, a bonus for care-taking (*bonification pour tâches d'assistance*) can be claimed by insured persons caring for relatives in ascending or descending line or for brothers or sisters who are entitled to an AVS or AI helplessness allowance for moderate degree of helplessness, if they can easily reach their relative in need of care. If an entitlement to a bonus for child-raising exists, a bonus for care-taking may not be attributed to cover the same period. The bonus corresponds to three times the amount of the annual minimum old-age pension, this amount having been fixed when the entitlement to the pension began.

2.3 Care of disabled people

2.3.1 Disability pension and care

Who is eligible for disability pension and care? Do residents and non-residents have the same rights?

The purpose of a disability pension as part of the invalidity benefit system (AI) is to compensate for the economic consequences from restricted capacity for work due to impaired health. The pension amount paid out depends on the level of disability. Entitlement to an AI pension ends no later than when the retirement pension starts. Persons legally residing and/or working in Switzerland are eligible to receive a disability pension. The guiding principle of the AI is 'reintegration before pension'. A disability pension is only granted if reintegration is not or only partially possible. Reintegration measures include: medical treatment, integration measures in preparation for resuming a professional activity, professional measures, special education, therapeutic measures, and care for insured persons below age 20 who are impaired, supply of appliances, early recognition and early intervention, daily benefits and travel expenses, advice and support during reintegration, entitlement to provisional benefits if ability to work deteriorates again in the first three years after the person resumes work, attempt to resume work without contract but with daily benefits or pension for six months.

Entitlement to a disability pension depends on the following: a) reintegration is impossible, b) average incapacity for work of at least 40 % for one year without significant interruption, c) disability of at least 40 % as of the end of that year, d) at the earliest upon having completed age 18, e) three full effective contribution years before the pension comes into force. Entitlement to a disability pension ceases as of the date when AVS retirement benefits begin. The pension must be adjusted or cancelled if the level of disability changes considerably.

2.3.2 Benefits

How large is the disability pension? Give absolute average measure and relative to the prior salary (if applicable).

Depending on the level of disability, the type of the pension is determined. From 40% disability, a quarter pension is provided; from 50%, half pension; from 60%, three-quarter pension; and from 70%, a full pension is provided. If both spouses are disabled, the pensions will be reduced (capped) as soon as the total exceeds 150 % of the maximum disability pension (150 % of CHF 28,080 = CHF 42,120). If both parents draw a pension, the child's pension (see above) will be reduced when the total exceeds 60 % of the maximum disability pension (60 % of CHF 28,080 = CHF 16,848). A full disability pension ranges from a minimum of CHF 1,140 to a maximum of CHF 2,280 per month. When a disability pension recipient derives income from an additional source or when his or her present income rises, the pension is only revised if the income increase amounts to more than CHF 1,500 per year. Only two thirds of the amount in excess of the CHF 1,500 threshold are considered when revising the pension.

In addition to the disability pension, a beneficiary may claim a children's pension for children up to the age of 18, or up to 25 (in case of apprenticeship or studies). This corresponds to 40% of the given disability pension (a minimum of CHF 456 and a maximum of CHF 912 per month). If both parents are entitled to a children's pension provided by either the old-age and survivors' insurance or invalidity insurance schemes, these two pensions for the same child should not exceed 60% of the maximum disability pension, i.e. CHF 1,368 per month. Children's pensions are reduced if, when taken together with the father's and/or mother's pension, they exceed 90% of the determining annual income.

Finally, the disabled elderly may also claim supplementary benefits if certain conditions are met (as described in Section 2.2.2. above).

2.3.3 Services

Is there a public care (residential house, home assistance) for disabled people? How large is the required co-financing? Is there a regulated maximum waiting times for a place, if yes, report how many months? Is there an option for home-care, if yes, how this is regulated/compensated?

According to the Swiss Federal Constitution, responsibilities for long-term care including care for the disabled lie with sub-national authorities. Municipalities and, to a lesser extent, cantons organize and provide care for the disabled whereas there is variation among the 26 cantons as to the form and degree of provision. Generally, formal care is provided in old-age or disability homes, in medical nursing homes and at the homes of the care beneficiaries (so-called Spitex, see also Section 2.2.3.). As in the case of the elderly, part of the long-term care for the disabled is covered by the mandatory health insurance (LAMal), the Old-Age and invalidity benefit system (AVS-AI), the so-called supplementary benefits to AVS-AI pensions including the helplessness allowances, the assistance contribution, in-kind benefits (auxiliary equipment), and the bonus for care-taking.

2.4 Poverty measures

2.4.1 Eligibility

Who has the right to receive public social aid like housing allowances or social allowances for poor: allowances for heating, electricity, food? Please list only means-tested measures and follow a structure: the name of the instrument; who is eligible; what exactly one is.

Social aid or assistance system and benefits are regulated by cantonal social assistance laws, which in turn are based on Articles 12 and 115 of the Swiss Federal Constitution. The Swiss Constitution guarantees a basic living to anyone in need and everyone has the right to assistance towards economic independence and social integration. Moreover, the Agreement on the Free Movement of Persons legislation ensures equal treatment of EU, EFTA and Swiss nationals. This means that people resident in Switzerland who cannot cover their own basic living costs have a right to receive public social aid. Moreover, persons without any legal status are excluded from receipt of public social aid and are only eligible for an emergency help allocated by the cantons following cantons' discretion (*Loi fédérale en matière d'assistance, LAS*).

Social assistance is defined in terms of a last resort cash benefit scheme available on a means-tested basis. Federal level involvement in social aid is virtually inexistent. A bigger role is played by a professional association, the Swiss Conference for Social Assistance (SKOS/CSIAS) which publishes guidelines on how to run social aid, including the

appropriate benefit levels. Those guidelines are not binding, but are generally followed more or less strictly by a majority of the cantons. Social assistance is entirely regulated and controlled at the cantonal level. In addition, many cantons allow large room for maneuver to the municipalities, making the scheme extremely diverse across the country. For example, in terms of eligibility criteria, in many German speaking cantons decisions on eligibility are made by ‘social assistance commissions’. These are bodies made up of citizens, usually designated by municipalities, who decide on eligibility and on access to social integration programmes. In cantons that operate under a ‘social commission’ scheme, social workers make proposals which need to be accepted by these commissions. Moreover, in many cantons, social assistance benefits are considered as loans, which must be repaid once the recipient’s situation gets better. Generally speaking, in terms of social assistance benefits, the income package of a recipient of social assistance is made up of various components: a sum for living expenses, rent, health insurance, additional occasional payments, and an ‘integration supplement’, paid if the person accepts to participate in social integration or labor market programmes (Bonoli, 2012).

As social assistance is entirely regulated and controlled at the cantonal level, there is variation in conditions and payments. For example, in the canton of Geneva, the assistance provided includes benefits in cash to cover for basic needs (Article 21, *Loi sur l'assistance publique - LAP*). Entitled are persons whose monthly income does not reach the amount intended to cover basic needs and whose fortune does not exceed the limits prescribed by the regulations of the State Council (ibid.). In exceptional cases, financial assistance may be granted to an owner of property, especially if the property serves as a permanent home (art. 5B, LAP). The amount intended to cover basic needs is based on the recommendations of the Swiss Conference for Social Assistance (SKOS/CSIAS). In the canton of Geneva, on a monthly basis this amount, for an one-person household, is CHF 977. This amount is multiplied by (Article 2, *Règlement d'exécution de la loi sur l'insertion et l'aide social individuelle - RIASI*):

- 1.53 in the case of a two-person household;
- 1.86 in the case of a three-person household;
- 2.14 in the case of a four- person-household;
- 2.42 in the case of a five-person household, and 0.28 per additional person.

Also, rent and other expenses (e.g. heating, charges for cable TV) are covered up to the following maximum amounts:

- up to CHF 1,100 for a family consisting of a person with no dependent children;
- up to CHF 1,300 for a family of two persons with no dependent children;
- up to CHF 1,500 for a family of one or two persons and a dependent child;
- up to CHF 1,650 for a family of one or two persons and two children;
- up to CHF 1,800 for a family of one or two persons and three children;
- for a family with more than three children, CHF 150 for each additional child may be taken into account.

Where the actual rent is higher than the maximum amounts allowed, it can be supported up to an amount not exceeding 120% of the allowed maximum amounts, provided that the recipient does everything possible to find alternative housing, the rent cost of which falls within the maximum amounts allowed (Article 3, RIASI).

Besides rent and other expenses, the costs of mandatory health insurance are covered. When the actual health insurance premium is higher than the average cantonal premium fixed by the federal Department of the Interior, financial assistance is provided up to an amount not exceeding 120% of the cantonal maximum bonus which is given until the nearest date of the health insurance coverage.

2.4.2 Other benefits

Circumstantial benefits, designed to meet expenses for costs obtained by third-party services during a period of financial aid; they cover mandatory expenses such as certain expenses due to illness or disability not covered by the public system of social protection, the cost of acquisition of income, certain expenses related to the supervision of children and adolescents, household insurance and liability etc.; the provider's invoice or statement of the insurer relating to those costs are presented for payment within a period of three months from the date on which services are received (Article 5, RIASI).

Allowance for medical reasons: an allowance of CHF 175 per month maximum is granted for medically prescribed special diets and any additional costs as evidenced by a medical certificate.

Household and family support: a participation fee to obtain services for help and care at home (four hours a week at most within a calendar year), up to CHF 4,800 is granted after deducting individual participation in health insurance costs and on presentation of an invoice and/or a certificate by a health institution.

Expenses related to paid activity: a beneficiary who is gainfully employed is given a fixed monthly allowance to cover additional costs thereof. This compensation is set according to the following scale: CHF 100 per month for an activity equal to or greater than 50% (from 87 hours to 103 hours on a monthly basis); CHF 125 per month for an activity equal to or greater than 60% (from 104 hours to 121 hours on a monthly basis); CHF 150 per month for an activity equal to or greater than 70% (from 122 hours to 138 hours per month work); CHF 175 per month for an activity equal to or greater than 80% (from 139 hours to 156 hours per month work); CHF 200 per month for an activity equal to or greater than 90% (157 hours or more per month).

Fees associated with unpaid activity: a beneficiary who is involved in volunteer work or participates in re-integration or qualification programs is given a fixed monthly allowance to cover additional costs associated with the pursuit of such activities. This compensation is set according to the following scale: CHF 50 per month for an activity equal to or greater than 30% (from 52 hours to 103 hours of monthly activity); CHF 100 per month for an activity equal to or greater than 60% (from 104 to 138 hours monthly activity); CHF 150 per month for an activity equal to or greater than 80% (139 hours of operation and more per month).

Care expenses: the costs of care regarding children under 13 years (nursery, daycare, day mother) are supported by an amount set by the authorization service and the Office of Children and Youth. Parents are needed to show that they are unable to pay for such costs through the income received from gainful activity. The same requirements apply for parents undertaking internships or training periods or integration measures (Article 5, RIASI).

Incentive benefits: these are supplements that are included in the calculation of the financial assistance benefits (art. 7, RIASI.) Their calculation is set at the following scale: CHF 200 for dependent children aged 15 to 18 years, enrolled in training or duly attested from birth the right to benefit from their father and/or mother's education; CHF 300 for dependent children aged 18 to 25 years of age, enrolled in training or education attested from birth the right to benefit from their father and/or mother.

Franchise income from gainful activity (Section 8, RIASI.): a monthly deductible income from gainful activity (except for income from an apprenticeship or a training course) is paid, to people who are 18 and older. The deduction is set at: CHF 300 per month for an activity equal to or greater than 50% (from 87 hours to 103 hours monthly activity); CHF 350 per month for an activity equal to or greater than 60% (from 104 hours to 121 hours monthly activity); CHF 400 per month for an activity equal or superior to 70% (from 122 hours to 138 hours monthly activity); CHF 450 per month for an activity equal to or greater than 80% (from 139 hours to 156 hours of monthly activity); CHF 500 per month for an activity equal to or greater than 90% (157 hours of operation and more per month).

Persons entitled to financial assistance benefits are also entitled to supplementary benefits to cover for costs of: dental care (up to CHF 500 per calendar year per person on production of original invoices); eyeglasses or contact lenses (CHF 400 maximum given every two years, evidenced by prescription); other insurance premiums such as liability and household contents insurance premium (up to CHF 300 per calendar year for one person and CHF 500 for two or more persons, upon presentation of contract insurance and the annual statement of premium); temporary stay of a child (CHF 20 per day per child given to the parent who does not have custody of the child to cover the costs of visits set by the judge); expenses related to children's activities (CHF 400 maximum per calendar year per child for summer camps); one-time costs related to paid employment such as transportation costs; household moving expenses granted every five years, up to CHF 500 for one person and CHF 250 per additional person in the family, on presentation of original invoices); settlement costs (CHF 1,000, up to a maximum cumulative period of 5 years, this amount is increased to CHF 500 per additional person in the family); cost of training for adults (up to CHF 1,000 per calendar year if the chosen course is part of an integration measure and if it is recognized by the cantonal law on continuing education for adult); outstanding pension contributions (pension-1st pillar contributions, up to

the amount of the minimum fee, are supported in certain cases); administrative expenses (CHF 200 per calendar year per person is given to cover for administrative costs associated with obtaining necessary official documents); fees for exceptional need (CHF 500 per calendar year can be granted to cover exceptional and essential needs).

Individuals seeking assistance are required, under penalty of denial of benefits, to provide assistance agencies with all relevant information about their personal and financial circumstances (Article 7, LAP). In case of misrepresentation (the recipient deceives the cantonal authority by knowingly providing inaccurate statements on his/her income or expenses for the services obtained from third parties) a fine up to CHF 20,000 is foreseen.

Moreover, in the canton of Geneva social aid benefits are refundable through social contributions, up to the amount paid by the cantonal agencies during the waiting period, once the recipient is offered an employment contact (art. 23A, LAP). If financial assistance has been granted to a person who owns a property, the property can be mortgaged in favor of the cantonal agency that grants assistance (Article 5B, LAP).

2.4.3 Benefits and services

What anti-poverty measures are there and how large are they? Give absolute measures and relative to the average salary (if applicable). Also list non-financial benefits like housing service for homeless, food-aid etc.

Poverty reduction measures fall under social assistance/aid and are primarily the responsibility of the cantons, and they betray great discrepancies in terms of conditions and payments. For a description of social assistance benefits in the canton of Geneva please refer to Section 2.4.1 In 2013, the Federal Council approved the ‘National Programme for Prevention and Fight Against Poverty, 2014-2018’ (*Programme national prévention et de lutte contre la pauvreté 2014-2018*) that is currently being implemented in collaboration with the cantons, communes, social partners and non-governmental organizations. The content of the program focuses on four areas of action: equal opportunities for children, youth and socially disadvantaged adults; social and professional integration; living conditions; evaluation of prevention and fight against poverty. The Confederation gives priority to the

development of training opportunities for those affected or threatened by poverty. In this respect, particular attention is paid to measures to facilitate school-to-work transitions and the transition from compulsory schooling to advanced training. Currently, several vocational education programs are offered across the country (bridging, pre-apprenticeships, coaching programs and mentoring) that vary from canton to canton. Other cornerstones of the program are housing support for those affected by poverty, family support and the provision of information on assistance benefits. With the National Programme for prevention and fight against poverty, the Confederation intends to strengthen the effectiveness of those measures implemented by the cantons and ensure that they are better coordinated.

LIST OF REGULATIONS/LAWS THAT AFFECT HEALTH CARE AND SOCIAL AID POLICIES (with the date of acceptance):

Département fédéral de l'intérieur DFI, 'Programme national de prévention et de lutte contre la pauvreté: Concept' (15 mai 2013).

Loi fédérale sur l'assurance Maladie du 18 mars 1994 (LAMal, RS. 832.10).

Loi fédérale sur le contrat d'assurance du 2 avril 1908 (LCA, RS. 221.229.1).

Loi fédérale sur l'assurance-vieillesse et survivants 10 du 20 décembre 1946 (LAVS, RS. 831.).

Loi fédérale sur la prévoyance professionnelle vieillesse, survivants et invalidité du 25 juin 1982 (LPP, RS. 831.40).

Loi fédérale sur l'assurance invalidité du 19 juin 1959 (LAI, RS. 831.20).

Loi fédérale sur la compétence en matière d'assistance des personnes dans le besoin du 24 juin 1977 (LAS, RS. 851.1).

Loi sur l'assistance publique - LAP, du 19 septembre 1980 (canton de Genève).

Loi sur les prestations complémentaires du 6 octobre 2006 (RS. 831.30).

Loi fédérale sur le financement hospitalier.

Loi fédérale sur le nouveau régime de financement des soins du 13 juin 2008.

Loi générale sur le logement et la protection des locataires du 4 décembre 1977 (LGL, I 4 05).

Loi sur les prestations complémentaires, LPC du 6 octobre 2006² (Etat le 1^{er} janvier 2013) (RS.831.30).

Règlement d'exécution de la loi sur l'insertion et l'aide social individuelle – RIASI, du 25 Juillet 2007 (canton de Genève).

Comments:

With regard to healthcare, between 1999 and 2009, health insurance premiums increased by 54%, with increasing out-of-pocket payments (see: Wolff, Gaspoz and Guessous, 2011). Against this background, the *Loi fédéral sur la réduction des primes* (Article 65, LAMal) introduced in 2005 the provision that, for low or medium household income, cantons reduce premiums by 50% for children and young adults in education. Further on, in 2014, a provision was added to LAMal (Article 64) according to which women on maternity are exempted from costs of pregnancy from their thirteenth week of the pregnancy until the eighth^h week after the pregnancy. At the same time, a new provision was added according to which healthcare needed after a hospital stay is reimbursed for a maximum period of two weeks. In such situations, a maximum of 20% of the costs can be charged to the patient. Finally since 2005, new services (e.g. delivery at birth centers) have been added into the catalogue of reimbursed healthcare services while also reducing the amount reimbursed for healthcare provided by primary care centers (see: *Loi fédérale sur le financement hospitalier* and *The Loi fédérale sur le nouveau régime de financement des soins*; Article 25, LAMal).

As far as elderly care is concerned, in recent years there have been policy measures intended to strengthen the social safety net in Switzerland especially as regards the provision of new benefits for low-income households, the elderly, and the disabled. In particular, the supplementary benefits to the AVS pension intended to support low-income households were introduced in 2006 (see: *Loi sur les prestations complémentaires, LPC*). Since then, a number of changes have taken place related to the ways of calculating the supplementary benefits (e.g. levels of creditable income taken into account and recognized expenditures, see art. 10, LPC). More recently, persons with a weak disability became entitled to receive helplessness allowances, which since, 2011 only persons with a moderate or severe disability were entitled to receive them. Finally, the assistance contribution which is provided to the elderly that live at home was introduced in 2012 (Article 43, LAVS).

In the area of care of disabled people, it should be stressed that the main aim of disability insurance is the disabled person's integration or re-integration into working life. A pension is only paid if it is not possible to integrate or reintegrate the person into working life. The principle of integration therefore takes precedence over pension payments. The fifth (disability insurance) amendment, which came into effect on 1st January 2008, included changes to a number of areas. Measures such as early recognition and early intervention, stricter penalty clauses and an adapted definition of the term 'disability' were introduced with a view to producing disability insurance savings of up to CHF 624 million a year by 2025. With the new reforms, the number of new pensions is also set to fall by 20%, while people with disabilities will receive more support to help them to remain gainfully employed wherever possible. The measures involved form the basis of a restructuring of disability insurance. In 2011 plans for reforming the disability insurance were once more put forward as part of a sixth wave of reforms. The new plans included a process of re-examination of eligibility requirements for pension beneficiaries less than 55 years old and with less than 15 years of insurance. As in earlier reforms, the sixth wave reemphasized the principle of integration taking precedence over pension payments (Année Politique Suisse, 2011).

Concerning the social assistance system there has been a tendency towards strengthening means-testing and the 'principle of individualization' meaning that the welfare benefits given should be appropriate to the economic, social and personal case of each individual. This principle is particularly evident in the circumstantial benefits (to cover mandatory expenses such as certain expenses due to illness or disability not covered by the public system of social protection, the cost of acquisition of income, certain expenses related to the supervision of children and adolescents, household insurance and liability etc.) that are granted after taking into account the individual situation. Moreover, in 2005 the coverage range of assistance to cover basic material needs (e.g. subsistence, housing costs and healthcare costs) was reduced while incentive allowances were for the first time introduced to encourage social assistance recipients to become more active in their efforts to find work and/or participate in training programs and improve their employability.

3. Taxation and policies in respect of housing

3.1 Taxation

3.1.1 Consumer taxation

How large is the VAT, energy (electricity) tax, gasoline and diesel tax, and the tax for the oil used for heating the homes?

Normally, VAT amounts to 8% of the taxable turnover. This rate applies to food and drink consumed in restaurants and hotels. However, the cost of a night spent in a hotel (including breakfast) is taxed at the special rate of 3.8%. A reduced rate of 2.5% applies to certain everyday consumer goods such as foodstuffs, non-alcoholic beverages, books, newspapers, magazines, medicines and tickets for certain sports and cultural events (Swiss Federal Tax Administration, 2014).

Mineral oil tax includes: the tax on crude oil, other mineral oils, natural gas and their processed products. The rate of tax varies according to the form of mineral oil. The tax on lead-free petrol (gasoline), for example, is 73.12 cents per litre, for diesel 75.87 cents and for extra-light heating oil, 0.3 cents.

The mineral oil surtax on motor fuels. This surtax is charged at a flat rate of CHF 300 on each 1,000 liters.

3.1.2 Income tax and exceptions

What is the lowest taxable annual income and are there any exemptions, which kinds?

The taxable income comprises a federal direct tax and a tax on income imposed by the cantons and the municipalities. It varies between categories of household (one-person, two-person, etc.) and between cantons and municipalities. In Geneva, for example, the lowest taxable income is CHF 17,720 (République et canton de Genève, *Barèmes 2012 pour les impôts sur le revenu et la fortune avec exemples de calcul*).

3.1.3 Inheritance tax

How large is the tax and what exemptions are there?

Inheritance tax is cantonal and payable by the person who inherits the estate. The basis for calculation is the value of the transferred assets. Inherited personal and household goods are not taxed. Spouses, persons in a registered partnership and children, step-children or foster children are usually tax exempt. If a tax is levied, the amount depends on the degree of relationship of the heir to the deceased person. The closer the relationship, the lower the tax rate (Swiss Federal Tax Administration, 2014).

3.1.4 Real estate tax

How large is the tax on private individuals' owed houses or apartments? Are there any exemptions, which kinds?

Real estate tax or property tax is a cantonal or communal tax on land and buildings. It is payable by natural persons and legal entities who are recorded in the land register as the owners or users of a property. The tax is calculated on the full taxable value of the property, i.e. without taking account of any related debts or mortgages. The property is taxed at its location irrespective of where the owner lives. Certain cantons (Zurich Schwytz, Glaris, Zoug, Soleure, Bâle-Campagne, Basel-Landschaft, Aargu) have decided not to levy this tax. The remaining cantons apply a variety of systems (Swiss Federal Tax Administration, 2014).

3.2 Rights related to mortgage loans or unpaid rent

What happens if owner of a house/apartment is unable to meet their payment commitments? Is there any regulation of evictions?

The Swiss law includes no protection for the tenants against evictions: once the lease has been cancelled, the judge must pronounce the eviction of the tenant. There is no legal provision which makes it possible to the Judge to take into account human reasons, such as the presence

in the apartment of a family with children. Moreover, the procedure notice regarding non-payment of the rent is extremely fast and severe: when the tenant is late in the payment of the rent, the owner can give him a 30 days deadline to regulate the entirety of the rent and threaten him of cancellation of the lease. If the arrear is not regulated within this time, the owner can terminate the contract within a 30 days notice for the end of the next month (Asloca Association Suisse des locataires, *Droit au logement N° 170/juin2005*; see also *Article 257 and Article 266, CO*).

3.3 Social housing

Is there an institution of social housing and who is eligible to stay there, for how long a time period?

In Switzerland there are mainly three types of subsidized dwellings: HBM houses (*habitations à bon marché*) for very low income households, HLM houses (*habitations à loyers modérés*) for modest families and HM houses (*habitation mixte*) with socially mixed populations. Most of the time, the state does not own dwellings but the state strategy consists in supporting cooperatives and public foundations (*Fondations d'utilité publique*) that build and manage social housing. There are mostly two types of support for low income tenants. The first one is called *l'aide à la pierre*, enabling to support owners or property developers in order that they can build housing and offer lower rents. The *aide à la pierre* may be: subsidies for housing building or regeneration; real estate loans lower than the market rate; provision of lands by the city councils. When this kind of public support is granted, the state controls the price of the rent for twenty years and also the owner has to offer housing to certain type of populations according to their income. There are also direct financial supports to low income tenants (*les aides à la personne*) which are granted to low income households provided that the rent does not exceed 25% of the household income. The support is the difference between the real rent and what is affordable for the household.

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT TAX & HOUSING POLICIES (with the date of acceptance):

République et canton de Genève, Barèmes 2012 pour les impôts sur le revenu et la fortune avec exemples de calcul.

Loi fédérale régissant la taxe sur la valeur ajoutée du 2 septembre 1999 puis du 12 juin 2009 (LTVA, RS. 641.20).

Lois fédérale sur l'imposition des huiles minérales du 21 juin 1996 (Limpmin, RS. 641.61).

Loi fédérale sur l'impôt fédéral direct du 14 décembre 1990 (RS. 642.11).

Loi fédérale sur l'harmonization des impôts directs des cantons et des communes du 14 décembre 1990 (LHID, RS. 642.14).

Loi générale sur les contributions publiques du 9 novembre 1887 (LCP, D 3 05).

Asloca Association Suisse des locataires, Droit au logement N° 170/juin2005.

Loi fédérale complétant le Code civil suisse du 30 mars 1911 (RS. 220).

Comments:

With regard to taxation, on 12th June, 2009, the Federal Parliament passed a new federal law (*Loi fédérale régissant la taxes sur la valeur ajoutée*) governing the tax on the value added (VAT Act) to come into force of the new law on 1st January 2010. The new law imposed increases (from 7.6% to 8% for food and drink consumed in restaurants and hotels. From 2.4% to 2.5% for everyday consumer goods such as foodstuffs, non-alcoholic beverages, books, newspapers, magazines, medicines and tickets for certain sports and cultural events, and from 3.6% to 3.8% for accommodation services) to finance the invalidity insurance.

4. Family policies and costs of education

4.1 Maternity/parental leave

4.1.1 Eligibility and flexibility

Who has the right to take maternity/parental leave, for how a long time? Could it be combined with part-time working?

All employed mothers (employed, self-employed and unemployed women, and women who work in their husband's or a relative's business and are paid wages) are entitled to paid maternity leave. Maternity leave lasts 98 days (or 14 weeks), from the day it starts. Both full-time and part-time employees are entitled to maternity leave. Women who return to work earlier lose their entitlement to compensation. Women may not work during the first eight weeks after the birth. To receive the daily allowance, employees must be insured under social insurance (1st pillar) for the nine months prior to the birth and must have worked for at least five months during pregnancy. In addition, at the time of birth, expectant mothers must still be employed, self-employed or working in their husband's company for a cash wage. Employees will not receive a daily allowance if these conditions are not satisfied, and may not work during this time. Maternity leave begins when the child is born. Employees may not be dismissed during maternity leave (Article 319 ff, CO). Employers may not reduce holiday entitlement if the employee was not at work during the 14 weeks of maternity leave (Article 329b section 3, CO). Pregnant women are only to be given employment tasks to which they have given their consent (Article 35a section 1, *Ordonnance 3 relative à la loi sur le travail - Hygiène, OLT 3*). Should they request it, pregnant women are to be relieved of any duties which they find Onerous (Article 64 section 1, *ibid.*).

4.1.2 Benefits

How large is the payment when the person is on maternity/parental leave? Give absolute average measure and relative to the prior salary (if applicable)

Mothers are paid 80% of their wages in the form of a daily allowance (Article 16e Ordinance of Replacement of Earnings Law). As of 1st January 2009, daily payments cannot exceed the sum of CHF 196 as a basic rule (Article 16 ff, *Règlement sur les allocations pour perte de*

gain, RAPG), which corresponds to 80% of a monthly salary of CHF 7,350. Exceptions to this are possible if the mother was receiving higher unemployment, accident, invalidity or sickness benefits or a military pension before the birth or had higher compensation from a service provider. Cantonal provisions, staff rules and collective labor agreements may provide additional solutions. Should part of a salary be in payment in kind (for example as meals when an employee works away from home) adequate compensation is to be provided (Article 324a section 1 and 3, CO).

Paternity leave as such is not subject to any specific provision. On the birth of a child, the leave to which the father can possibly claim is treated as a "usual day off" (Article 329, para. 3, CO). The leave may vary from one employer to another. In practice, the provision of one or two days off during the birth is common and can be considered (Article 329, al. 3, CO).

4.2 Child allowance

Who is eligible to receive child allowance and how large is it?

Pursuant to the Federal Law on Family Allowances, the following minimum allowances shall be disbursed per child, per month: a family allowance of at least CHF 200 for children up to the age of 16; an education allowance of at least CHF 250 for 16-25 year-olds who are still in education. Young people taking a break between completing their baccalaureate and taking up their studies are still entitled to the allowance as long as the break does not exceed four months. Payments cease in the event of longer breaks (e.g. during a trip abroad) or if the person drops out of training or an apprenticeship. It is worth contacting the relevant compensation office for further details. The following are eligible for family allowances: salaried employees, the self-employed (from 1st January 2013), and low-income individuals who are not in gainful employment. Special rules apply to agricultural workers. Part-time employees are also entitled to the full family allowance; partial allowances are no longer paid out. Employees receive family allowances in accordance with the legislation of the canton in which they work; the family compensation fund with which their employer is registered is responsible for paying these allowances. Individuals may claim a family allowance for a child or children with whom they have a parent-child relationship and, under certain circumstances, for stepchildren, foster children, grand-children or siblings. The cantons can choose to pay

higher allowances, and to introduce birth and adoption allowances. Those not in employment are entitled to family allowances if their annual taxable income does not exceed CHF 42,120. Also, people working in the agricultural sector are granted CHF 200 per child, per month, as well as an education allowance of CHF 250 per child, per month. They are also eligible for a supplementary household allowance of CHF 100 per month (Federal Social Insurance Office FSIO, 2012).

4.3 State policy towards families with excessive debts/ over indebtedness

Is there any aid (benefits or services) for families that have excessive debts? Do children have to pay back the loans taken by their parents (can one inherit a loan)?

Across the country civil society organization provide debt counselling services to families, single parents, and other disadvantaged groups.

As to inheritance of loans, under Swiss law (part 3, CO), descendants are statutory heirs. The heirs normally acquire all assets and all liabilities of the deceased at the moment of death, but within the first three months following any death, the deceased's heirs have the right to disclaim their inheritances in case debts are involved. Moreover in the case of a deceased who was recipient of social aid, the heirs must repay the social benefits enjoyed by the deceased up to the net assets received before calculating inheritance tax (Article 23D, LAP).

4.4 Eligibility and costs of pre-school, primary-school education in public sphere, specify which ages pre-school and primary school refer to in your country.

4.4.1 Pre-school

If there is a public pre-school system – who is eligible for it and how large are the fees? Are there any exemptions, which kind?

All cantons provide one to two years of free pre-school education (*Kindergarten, école enfantine*); the canton of Ticino offers three years (*scuola dell'infanzia*). In most cantons (19) attendance of two years of pre-school is mandatory. In several German-speaking cantons,

municipalities are free to choose whether they want to run a pre-school or a first learning cycle (which combine pre-school and the first one or two years of primary school, called *Grundstufe* or *Basisstufe*).

In addition, there are different childcare service providers. The main formal structures of pre-school education are: crèches and nurseries that are, most of the times, private or semi-private institutions subsidised by the cantons, municipalities and to a lesser extent the Confederation. Crèches and nurseries welcome children since the age of six months until the beginning of the *école enfantine*. The *école enfantine* (nursery school) welcomes children from four to six years old, just before compulsory education starting at the age of six. The *école enfantine* is not compulsory but there are current reforms to make it compulsory in the next years (Harmos, Intercantonal Agreement about Harmonization of Compulsory Education). The *école enfantine* is a public facility and free. Moreover, there are childcare structures created by firms or big organizations offering services to their employees. There are sometimes partnerships between the local government and firms to enable these private childcare services to welcome local children whose parents are not employed in organizations.

Besides formal service providers, there are also semi-formal childcare providers: *les mamans de jour* (nursery assistants) which welcome children on a daily basis and may be considered as a semi-institutionalised childcare supplier, as their services are managed by foundations and associations at the municipality level. All in all, civil society is largely encouraged to develop initiatives to meet needs, as associations and foundations may receive public funds to support their activities and projects. Most of childcare providers are therefore private or semi-private. Only the *école enfantine* is a free public facility for all children.

4.4.2 Primary-school

Are there any fees in public primary schools? How large? Are families eligible for benefits (transportation, lunch etc.)?

Primary school (*Primarschule, école primaire/ scuola primaria o elementare*) is compulsory for all Swiss children starting at the age of six. Depending on the canton, primary school can

last between five and six years. The average length of primary school is usually six years. There public primary schools and private school. Public primary schools do not charge tuition (Conférence suisse des directeurs cantonaux de l'instruction publique, CDIP). Parents need to pay for school supplies, gym clothes, school meals (if there are appropriate arrangements) books and school field trips, but these are considered tax deductible expenses while – in some case – subsidies are given by the municipalities (e.g. for school meals). In addition, the municipalities provide subsidies (funded by the cantons) to pay for school transportation. Financial support is also provided through family allowances (see Section 4.2).

4.4.3 Gymnasium

If there is a public gymnasium system – who is eligible for it and how large are the fees? Are there any exemptions, which kind? Are families/pupils eligible for benefits (transportation, housing, lunch etc.)?

At the end of primary school, students attend high school, named ‘Gymnasium’ for three years of compulsory education. After that period, students have a choice between the traditional educational path to be prepared for further universities studies, or studies of professional formation at technical schools. Overall, no fees are charged for secondary education in public schools. Financial support is provided through family allowances (see Section 4.2) while for the three-year compulsory Gymnasium period parents are entitled to subsidies from the municipalities to pay for school transportation.

4.5 Costs of university level studies

4.5.1 Tuition fees and exceptions

How large are the fees at public universities and are there any exceptions? Are students eligible for benefits (housing, transportation, etc.)?

In Switzerland there are ten cantonal universities: Basel, Berne, Zurich, Lucerne, St. Gallen, Geneva, Lausanne Neuchâtel, Lugano, and Fribourg. Tuition fees vary from CHF 1,000 to CHF 4,000 per year. In addition to tuition, between CHF 18,000 and CHF 28,000 a year are

required for living expenses, depending on the city and personal needs. Financial support is provided through grants, scholarships, and family allowances (see Section 4.2).

LIST OF REGULATIONS/LAWS THAT AFFECT THE RELEVANT CHILDCARE POLICIES AND POLICIES AFFECTING THE FUNDING OF THE EDUCATION (with the date of acceptance):

Loi fédérale complétant le Code civil suisse du 30 mars 1911 (Code des Obligation CO, RS. 220).

La loi fédérale sur les allocations familiales du 24 mars 2006 (LAFam, RS. 836.2).

Loi fédérale sur les allocations familiales dans l'agriculture du 20 juin 1952 (LFA, RS. 836.1).

Loi fédérale sur le travail dans l'industrie, l'artisanat et le commerce du 13 mars 1964 (LTr, Rs. 822.11).

Loi fédérale sur les allocations pour perte de gain en cas de service et de maternité du 25 septembre 1952 (LAPG, RS. 834.1).

Loi sur l'insertion et l'aide sociale individuelle du 22 mars 2007 (LIASI, J 4 04).

Conférence suisse des directeurs cantonaux de l'instruction publique, CDIP (Juridiquement contraignant, les accords inter-cantonaux, en tant que concordats, forment la base pour le travail de la CDIP).

Accord intercantonal sur l'harmonisation de la scolarité obligatoire (concordat HarmoS) du 14 juin 2007.

Règlement sur les allocations pour perte de gain (RAPG) du 24 novembre 2004 (Etat le 1^{er} janvier 2013).

Ordonnance 3 relative à la loi sur le travail (Hygiène, OLT 3) du 18 août 1993 (Etat le 1^{er} mai 2010).

Comments:

A major change occurred in 2005 when provisions for the maternity leave were first introduced at federal level. Till then the maternity leave was only regulated at cantonal level. Also, in 2009 a federal law was for the first time introduced to regulate family allowances

which were previously regulated only at cantonal level. Moreover, in 2013 the self-employed were added to the categories of groups eligible to receive family allowances.

With regard to education, since 2009 pre-school education was made compulsory in all cantons (*Accord intercantonal sur l'harmonization de la scolarité obligatoire, concordat HarmoS*). In addition, concerning the costs for university education, there has been an increase in university fees: in 2011, the canton of Berne increased fees from CHF 600 to CHF 750 per semester; in 2012, the canton of Zurich increased fees from CHF 640 to CHF 720 per semester for Swiss citizens and from CHF 740 to CHF1,220 for foreign students, and; in 2014, the canton of St. Gallen increased fees from CHF 400 to CHF 800 per semester for Swiss citizens and from CHF 2,000 to CHF 3,000 for foreign students.

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United Kingdom

Summary

There have been considerable policy changes in the UK since the financial crisis, as well as an important change in government. After being in power since 1997, the Labor Party were voted out at the height of the crisis in 2010 and replaced by a coalition of the Conservative Party with the Liberal Democrats as minority partners. This was the first hung parliament result in the UK since 1974 and the first governing coalition since 1945. The next General Election will be May 2015.

According to the OECD, most welfare reforms have been in the direction of reducing expenditure, however, some pursue the logic of earlier reforms (i.e. curtailing lone parent Income Support) and some introduce new principles of targeting (i.e. the household benefit cap and spare-room subsidy) (OECDa, 2014:61). One important approach of the current government has been to ring-fence the budgets of the Department of Health and the Department of Education, as well as offering considerable protection to pensioners.

In the area of labor policies, reforms concerning unemployment benefits have been considerably far-reaching. These changes are prompted not just by financial considerations, but also according to the findings of the Freud Report 2007, which claimed that parts of the UK benefits system encouraged dependency on the state. Accordingly, there has been increased conditionality and sanctioning built into the system, particularly since 2011 and the introduction of the Work Programme.

Tax Credits formed a large part of the response to the crisis from the Labor Government. Since 2010, Child Tax Credits have increased means-testing restrictions on them, restricting them from higher income families.

There has been a much larger undertaking to streamline the entire welfare system through Universal Credits, although this is still in preliminary stages, and the seed for this reform was planted before the crisis. Additionally, a lesser-advertised short-term change is that from

2013-2016 most welfare benefits will only increase by 1%, instead of the rate of inflation set by the Consumer Prices index. This change is set to affect 30% of all households in the UK.

There have also been policy changes to the pensions system to considerably streamline and simplify the UK pensions system from 2015. These changes were under consideration pre-crisis, but the advent of the crisis likely increased the impetus for such reforms.

In healthcare, the Health and Social Act 2012 legislated for the largest reform of the National Health Service (NHS) since it was created in 1948. These extensive reforms restructured the provision of care services away from Care Trusts and towards General Practitioners, with an expected increase in the services provided by non-governmental organizations.

Regressive changes to taxation in the UK have been implemented with the increase in VAT from 17.5% to 20% in 2011 and the reduction of the upper income tax rate from 50% (implemented in 2009 as a response to the crisis) to 45% in 2012. However, personal tax allowance will increase from £8,105 to £10,000 (€10,170 to €12,545) from 2013/2014.

In housing, perhaps the most well-known policy is the spare-room subsidy (or 'bedroom tax') introduced in 2013, which penalises those receiving housing benefit if their property is under-occupied. However, a larger change has been the 2010 Affordable Homes Programme, which changed the funding stream for the building of social housing, with the result of higher rents for tenants and increased requirement of property developers to borrow money upfront, as opposed to relying on financial support from the government.

Finally, in education whilst the budget of the Department of Education has been ring-fenced, considerable reforms have been undertaken in the area of University tuition fees, which is the remit of the Department of Business, Innovation and Skills, created in 2009. Fees have continued to increase since 2004, when the cap was raised from £1,000 to £3,000 (€1,255 to €3,760). Following the Browne Report, this capped was raised in 2012 to £9,000 (€11,280) with all universities charging at least £6,000 (€7,520).

1. Labor Policies

1.1 Employment

1.1.1 Termination of Contracts

Employers must provide either the notice stated in the contract of employment or the statutory minimum notice period, whichever is the longer. The statutory notice is: one week if the employee has been employed between one month and two years; one week for each complete year of employment (up to a maximum of 12 weeks).

Summary dismissal is dismissal without notice and is used for gross misconduct and no notice is required. A fair procedure is still required in these cases. Valid reasons for fair dismissal include:

- Employee's capability or conduct.
- Redundancy.
- Something that prevents the employee from legally being able to do their job, e.g. a driver losing their driving licence.

This is also reliant on the information provided in the contract, for instance if the job is advertised and signed as a temporary post, or for maternity cover. If terminating a contract, the employer must provide dismissal details and disciplinary procedures in writing. The employer must also act 'reasonably', although there is no legal definition of 'reasonableness'.

Reasons for unfair dismissal include:

- pregnancy, including all reasons relating to maternity;
- family, including parental leave, paternity leave (birth and adoption), adoption leave or time off for dependants;
- acting as an employee representative;
- acting as a trade union representative;
- acting as an occupational pension scheme trustee;
- joining or not joining a trade union;
- being a part-time or fixed-term employee;

- discrimination, including protection against discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation (in Northern Ireland, this also includes political beliefs);
- pay and working hours, including the Working Time Regulations, annual leave and the National Minimum Wage;
- whistleblowing.

From 2013, legislation concerning whistleblowing was changed to protect whistle-blowers from harassment and bullying. However, there has also been an additional ‘test’ introduced under the Enterprise and Regulatory Reform Act 2013 that whistle-blowers now have to show that they ‘reasonably believe’ that the disclosure they are making is in the ‘public interest’. There is no legal definition of the ‘public interest’ so it is open to interpretation by courts and tribunals. Accordingly, an *additional layer of complexity* has been added to the legislation (Landau, 2013).

As of April 2012, the length of required work at a company before an employee could claim for unfair dismissal was extended from one to two years. (Department for Business, Innovation and Skills, 2011). Workers making applications to employment tribunals would also be required to pay charges of up to £1,200 (€1,505) and compensation has been capped in most cases to £74,000 (\$92, 850) or one years’ gross pay (Baxter 2012). Cases must be taken through the Advisory, Conciliation and Arbitration Service (ACAS). Accordingly, unfair dismissal rights were *weakened* (Social Policy Digest, 2011).

1.1.2 Minimum Wage

Implemented in 1998, workers must be school-leaving age (last Friday in June of the school year they turn 16) or over to get the National Minimum Wage. In 2010 the Apprentice Category was added (those aged 16 to 18 and those aged 19 or over who are in their first year; all other apprentices are entitled to the National Minimum Wage for their age). Accordingly, National Minimum Wage coverage *widened*.

Also in 2010 age categories were changed to (under 18), (18-20) and (21 and over) from (22 and over), (18-21) and (under 18). Accordingly, access to higher rates of National Minimum Wage for younger age groups *improved*.

The National Minimum Wage is usually set every October. The current rate (2013) is: 21 and over, £6.31 (€7.92); 18-20, £5.03 (€6.31); under 18, £3.72 (€4.67). Apprentices under 19 or in the first year of a level 2 or 3 apprenticeship get an apprentice rate of £2.68 (€3.36).¹⁵¹

In April 2013, the median gross hourly earnings (excluding overtime) in the UK for men and women across all age groups was £13.03 (€16.35). Table 1.1 shows each minimum wage bracket as a % of the median wage:

	21 and over	18-20	Under 18	Apprenticeship
% of Median Wage	48%	39%	29%	21%

The following types of workers are not entitled to the minimum wage: self-employed people running their own business; company directors; volunteers or voluntary workers; workers on a government employment programme, e.g. the Work Programme; family members of the employer living in the employer’s home, non-family members living in the employer’s home who share in the work and leisure activities, are treated as one of the family and aren’t charged for meals or accommodation (e.g. au pairs); workers younger than school leaving age (usually 16); higher and further education students on a work placement up to 1 year; workers on government pre-apprenticeships schemes; people on certain European Union programmes (Leonardo da Vinci, Youth in Action, Erasmus, Comenius); people working on a Jobcenter Plus Work trial for six weeks; members of the armed forces; share fishermen; prisoners; and people living and working in a religious community.

¹⁵¹ See: gov.uk/national-minimum-wage-rates

1.1.3 Vacation

An employer can choose to include bank holidays as part of a worker's statutory annual leave or not. Most workers who work a five-day week must receive 28 days' paid annual leave per year. This is calculated by multiplying a normal week (five days) by the annual entitlement of 5.6 weeks. If a worker is part-time, for instance on three days a week, the leave is calculated as 5.6 weeks multiplied by three. Statutory paid holiday entitlement is limited to 28 days. An employer can choose to offer more leave than the legal minimum. Self-employed workers are not entitled to annual leave.

Workers are entitled to a week's pay for each week of leave they take, calculated in the following way:

Working pattern	Pay
Fixed hours and fixed pay (part-time or full-time)	A week's holiday pay equals how much a worker gets for a week's work (excluding non-guaranteed overtime payments in most cases)
Shift work with fixed hours (part-time or full-time)	A week's holiday pay equals the average number of weekly fixed hours a worker worked in the previous 12 weeks at their average hourly rate
No fixed hours (i.e. casual work)	A week's holiday pay is the average pay a worker got over the previous 12 weeks (in which they were paid)

There have been *no substantial changes* to holiday allowance over the period 2005-2014.

1.2 Unemployment

Unemployment benefit in the UK is called Job Seekers Allowance (JSA) and comes in two types: contribution-based and income-based. Contribution-based JSA is available if enough National Insurance contributions have been made in the previous two tax years and is only available for six months. Income-based JSA is for those without enough contribution and on low or no income. An EEA national must prove they have been in the UK for three months before they can claim. In 2014 to be entitled to JSA:

- over 18 but below State Pension age;
- not in full-time education;
- work less than 16 hours a week (contribution-based) or 24 hours a week (income-based);
- have less than £6,000 (€7, 530) savings (Income-based JSA only).

Further criteria:

- must attend JSA interview;
- must sign a Job Seekers Agreement and 'sign on' at a Job Center at least every two weeks;
- must actively seek work (i.e. prove reasonable effort to find work, for example keeping records of job applications, registration with agencies, copies of adverts read etc.);
- must be available for work (i.e. start a job immediately or with one week's notice as a lone parent);
- must undertake courses if suggested by Job Center.

Failure to complete any of these further criteria without acceptable reason can result in *sanctioning*. A sanction stops or reduces JSA payment. Depending on the perceived severity of the individual's behaviour, sanctions normally last for a fixed period of four, 13, or 26 weeks, or three years.

There is no time limit for how long an individual can receive JSA; however, if an individual is out of work for a long time, they are put forward for the Work Programme. From 2011 a long-term JSA claimant is forwarded to the Work Programme (WP) (see Finn 2011). The WP involves mainly private sector ‘providers’ organising personalised support for the unemployed, structured on a regional basis (Department for Work and Pensions 2013). The providers have almost complete flexibility over the intervention they provide and are paid through a contract and by results, with differential payments for more ‘difficult’ claimants i.e. the disabled or lone parents (see: Rees et al., 2014).

The WP replaced the Flexible New Deal (FND), which ran from 2009 which itself was an adaption of the New Deal which ran from 1998. The FND and the WP are both informed by the principle that unemployment in the UK is *no longer a structural issue but an individual one* (Freud, 2007). The FND saw *increased conditionality and sanctioning* of claimants to guide them into work. In the UK entitlement conditions for unemployment benefits have been *tightened* (ILO, 2014:42) and the WP policy is an *extension and intensification* of these principles (Rees et al., 2014:224).

1.2.1 Income Support

To qualify for Income Support an individual must be:

- between 16 and Pension Credit qualifying age;
- pregnant, or a carer, or a lone parent with a child under five or, in some cases, unable to work because you’re sick or disabled;
- have no income or a low income;
- working less than 16 hours a week (with a partner working no more than 24 hours per week);
- living in England, Scotland and Wales - there are different rules for Northern Ireland.

Previously, single parents who did not work, or worked under 16 hours per week, were able to claim Income Support until their oldest child was 16. In May 2012 this changed so that single

parents with a youngest child aged five or above will be unable to claim Income Support and will be expected to look for paid work. So Income Support for lone parents was *curtailed*.

1.2.2 Employment Support Allowance

The Employment Support Allowance (ESA) was introduced in September 2008 to provide financial support for those who have an illness or disability that severely affects their ability to work, and it replaced a number of benefits including Incapacity benefit, Income Support and Severe Disablement Allowance. The migration to a complete change of system to ESA is expected in 2014. ESA has two elements: contributory and income-related. To qualify the claimant must undertake a test to examine their capacity to work, be at least 16, under pensionable age, of low income, and have a right to reside in the UK.

Capacity to work is tested during a 13-week assessment phases and is a points-based system which examines the physical and mental capacity of the claimant to undertake work. If the claimant is determined as capable to work they are moved onto JSA. If the claimant is not moved onto JSA, they are determined as being either in the support-component or the work-related component. The support-component is for those with a limited capability to work, these claimants receive a higher payment and do not have to undergo any further assessments.

Those in the work-related component received a lower rate of ESA and required to attend work-focused interviews and possibly take part in 'work-related activity'. If the claimant fails to attend complete these tasks they have not met the compliance conditions and they will face sanctions (usually the removal of the base-rate of ESA until the condition is met – see: disability.org). For those in the contributory ESA in the work-related component, the allowance is limited to 12 months. ESA is included in the individual benefits cap.

1.3 Benefits

1.3.1 Job-Seekers Allowance

JSA is set at a weekly rate for two different age-groups:

Age	From 8 th Aril 2013	From 7 th April 2014
Aged under 25	£56.80 (€71.30)	£57.35 (€72)
Aged 25 or over	£71.70 (€90)	£72.40 (€91)

Hypothetically, a male claimant over the age of 25 on JSA for a year would get equal to 12.9% of the annual median wage in 2013 for a male in full-time work whose pay was unaffected by absence.¹⁵²

1.3.2 Income Support

Income Support is a weekly payment set at varying rates, dependent upon circumstances:

Status	Age	Weekly Payment
Single	16 to 24	£57.35 (€72)
Single	25 or over	£72.40 (€90.80)
Lone Parent	16 to 17	£57.35 (€72)
Lone parent	18 or over	£72.40 (€90.80)
Couples	Both under 18	£56.80 (€71.30)
Couples	One under 18, the other 18 to 24	£56.80 (€71.30)
Couples	One under 18, the other over 25	£71.70 (€90)
Couples	Both 18 or over	£112.55 (€141.20)

¹⁵² See: ONS 2013: Annual Earnings

1.3.2 Employment Support Allowance

During the assessment phase (13 weeks), only the basic allowance of ESA is paid to the claimant. Following that, the standard weekly allowance is:

Type	Under 25 (as of 2014)	Over 25 (as of 2014)	Couple (as of 2014)
Basic Allowance	£57.35 (€73.20)	£72.40 (€91.90)	£113.70 (€144.30)
Support Component	+£35.75 (€45.40)	+£35.75 (€45.40)	+£35.75 (€45.40)
Work-Related Component	+£28.75 (€36.50)	+£28.75 (€36.50)	+£28.75 (€36.50)

1.4 Services

The WP provides training services to the long-term unemployed; the nature and type of services provided is flexible according to the provider (examples include: A4e, Serco, G4S, Ingeus and Employment and Skills Group).¹⁵³ Since the introduction of FND in 2009 and WP in 2011 the provision of employment training has been *further privatised*.

From 2011, local Enterprise Partnerships were set up to manage business priorities in local areas. Part of this scheme includes support for those starting up new businesses, which are run regionally: England - National Enterprise Network; Scotland - Business Gateway; Northern Ireland - NI Business Info; Wales - Business Wales.

These replace the Business Link advice and guidance service which was started in 1993 and axed in 2011. Regional Development Agencies were also abolished in 2011, with no direct replacement. There was an initial announcement of the City Deal programme in 2012 to provide business support at the city-level (Department of Communities and Local

¹⁵³ Websites available: A4e (mya4e.com), Serco (serco.com), G4S (g4s.com), Ingeus (ingeus.co.uk) and Employment and Skills Group (esguk.com).

Government 2012). Therefore, services for small businesses have been *rescaled* and *streamlined*.

1.5 Unionization and Strikes

1.5.1 Unions and Bargaining

Every worker/employee has the legal right to be in a union, and employers are legally obliged to treat union and non-union members the same in the workplace. Since the UK does not have a written constitution, the right to unionization is not specified in a constitutional-manner.

In the UK, the term ‘works council’ does not have the same specific meaning as in other countries (ILO, 2010:189) and so the UK (and Ireland) does not have a statutory or centrally agreed system of work councils (Carley et al., 2005:8). Rather, workplace disputes are usually conducted via Trade Unions, ACAS and Employment Appeal Tribunals. From June 2011, following Transnational Information and Consultation of Employees (Amendment) Regulations 2010, employees who work for a large multinational company that has employees in the UK and another member state of the European Economic Area may have the right to be represented by a European Works Council (Department for Business, Innovation and Skills 2010).

In the UK, workers have the basic right to consultation following The Information and Consultation of Employees Regulations 2004 (which aligns with the European Works Council Directive 2002). This consultation is required in situations when: jobs are threatened; where there are expected measures such as training, skill development and other measures increasing the adaptability of employees; and when decisions are likely to lead to substantial changes in work organization or contractual relations (ILO, 2010:190). From 2008 consultation must be accorded by companies with 50 employees or more, down from 100 workers in 2007 and 150 workers in 2005. Accordingly, the right to consultation has *widened*.

If a union is not voluntarily recognised by an employer then the Central Arbitration Committee (CAC) can arbitrate and make legally binding decisions regarding both recognition of the union as well as negotiation and bargaining units (ACAS, 2005).

1.5.2 Strikes

The right to strike is not explicitly protected in legislation, and secondary picketing is prohibited (Human Rights Commission 2013:19). The Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 introduces the requirement for Trade Unions to conduct annual audits of their members and face court action if found not to be doing so. Accordingly, this makes it *more difficult* for Trade Unions to take strike action (BBC, 2013a).

Comments:

Universal Credit: The UK is currently in a transition period for an extensive piece of legislation that seeks to combine a number of benefit payments into one payment known as ‘Universal Credit’ (UC). The benefit plans to combine JSA, Income Support, ESA, Housing Benefits and Tax credits into one simplified payment (Tarr and Finn, 2012), and does not differentiate between claimants who are in or out of work. As of June 2014, six areas of the country are undergoing pilot schemes for the system.¹⁵⁴

Welfare Benefits Up-rating: The Welfare Benefits Up-rating Act 2013 will limit the annual increases certain working-age benefits and tax credits to 1%, instead of linking the increases to the Consumer Pricing Index (CPI) starting from April 2013 to March 2016. This means the benefits will no longer rise with inflation, but is seen as a short-term measure (Chartered Institute of Housing, 2012). This change will affect 30% of all households in the UK.

Household Benefits Cap: Since April 2013, the government has implemented a cap on benefits at the individual level, set out in the Welfare Reform Act 2012. For a lone parent or couple (with or without children) the cap is set at £500 (€635) a week. For a single claimant without children the cap is £350 (€444) a week. The main benefits included in the cap are Housing Benefit, Maternity Allowance, Child Benefit, Child Tax Credits, Employment and Support Allowance (except those in support component) and Job-Seekers Allowance. Those

¹⁵⁴ See: gov.uk/universal-credit

not counted towards the cap included Statutory Maternity/Paternity Pay, Statutory Sick Pay, State Pension and Working Tax Credits.¹⁵⁵

Welfare-Spending Cap: Related to the individual benefits cap, in 2013, it was stated that “the Government will, for the first time, introduce a cap on the country’s welfare spending. The cap will improve spending control, support fiscal consolidation, and ensure that the welfare system remains affordable. The cap will apply to over £100 billion of welfare spending (€126 billion) (HMT, 2013).

As the OECD (2014a: 61)) notes, the details of how this ‘welfare cap’ will be implemented have not yet been spelled out. The OECD also notes that ‘historically and internationally, commitments of this kind are rare’.

Immigration Status: Section 115 of the Immigration and Asylum Act 1999 notes that a “person subject to immigration control” is not entitled to most social security benefits and tax credits, including all means-tested benefits, Child Benefit, and Disability Living Allowance/Personal Payment Allowance.

Immigration status does not affect eligibility for benefits dependent on National Insurance contributions, such as contribution-based Jobseeker’s Allowance and the contributory element of Employment and Support Allowance. Other work-related benefits including Statutory Maternity / Paternity Pay and Statutory Sick Pay are also payable regardless of immigration status.

However, clauses 60-62 of the Welfare Reform Act 2012 introduced new requirement for claimants of certain benefits to have a right to work in the United Kingdom. These changes cover contribution-based JSA, contributory ESA and Maternity Allowance, Statutory Maternity/Paternity Pay and Statutory Sick Pay. In each case, a person is only eligible for the benefit if: They do not require leave to enter or remain in the UK; or They have been granted such leave and the leave is not invalid, has not for any reason ceased to have effect, and is not

¹⁵⁵ Full details at: gov.uk/benefit-cap.

subject to a condition preventing the person from accepting employment (see Jarret et al.2011: 12)

Related Legislation

Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014.

Enterprise and Regulatory Reform Act 2013.

Welfare Benefits Up-Rating Act 2013.

Welfare Reform Act 2012.

The Information and Consultation of Employees Regulations 2004.

National Minimum Wage Act 1998.7

See also:

European Works Council Directive 2002.

Immigration and Asylum Act 1999.

2. Health Services and Social Aid

2.1 Healthcare

2.1.1 Eligibility for sickness benefits

In 2014, statutory sick pack (SSP) is available for all employees with the exception of agricultural workers. To qualify, an employee must have done some work for the employer (i.e. started the job contract), have been ill for at least four days in a row, earn at least £111 (€139.30) (before tax) per week, and tell employer of illness within company deadline (or seven days if company does not have deadline). The benefit is paid for a maximum of 28 weeks. Employees do not qualify if they have claimed the full amount already, had three years

of ‘linked’ illness (four or more days of illness within eight weeks of each other), or are getting maternity pay. Sick pay is subject to NI and tax.¹⁵⁶

Previously, companies could start to recover SSP once the outlay exceeded 13% of their total NI bill (the Statutory Sick Pay Percentage Threshold Scheme) - this was *abolished* from April 2014. The Health and Work Service was set-up in its absence to help employers get employees back to work quicker. In 2009 a court case decision determined that those on SSP are also entitled to accrue holiday leave, following from a 2006 decision from the Court of Justice of the European Communities (House of Lords 2006). In 2010 an amendment changed the focus from doctors providing a ‘sick note’ that determined that employees could work, to producing a ‘fit note’ that provided guidance on how to return to work.

2.2 Sickness Benefits

In 2014 the SSP is a flat rate of £87.55 (€109.80) per week. The amount is adjusted yearly, but not linked to any particular up-rating measure. Companies with their own occupational scheme may pay more on top of this amount. Using ONS calculations from April 2013, SSP is equal to 17% of median gross weekly earnings for full-time employees.

2.2.1 Personal Independence Payments

Contributions towards the extra costs associated with disability are paid towards claimants from Disability Living Allowance (DLA), or, from 2013/2014, Personal Independence Payments (PIP) as introduced by the Welfare Reform Act 2012. Both these schemes are non-contributory, non-means-tested and not affected by whether the claimant is in or out of work. The rollout of PIP is not yet universal across the UK.

PIP changes the focus of DLA to how the condition affects the claimant’s daily life, not the condition itself. Accordingly claimants are assessed on a point-based system that examines

¹⁵⁶ See: gov.uk/statutory-sick-pay/eligibility.

two key components: living activities and mobility activities. The payment towards these components is split into standard or enhanced rates, and it depends on the claimant's assessment which they get, and whether they get both components or not:

Living Component	Weekly Rate	Mobility Component
Standard	£21.55 (€27.35)	£54.45 (€69.10)
Enhanced	£56.75 (€72.05)	£81.30 (€103.20)

2.3 Healthcare Services

On the NHS, hospitalization, examinations and home visits are free at the point of access. The NHS Constitution, introduced in 2009, sets expected waiting times for primary health-services. The maximum expected waiting time *is 18 weeks from referral* unless there is a medical reason to prolong the wait (i.e. to undergo weight loss), or the patient chooses otherwise.

These waiting times were made a legal right by The National Health Service Commissioning Board and Clinical Commissioning Groups (Responsibilities and Standing Rules) Regulations 2012.

The following services are not covered by the right: mental health services that are not consultant-led; maternity services; public health services commissioned by Local Authorities.

Dentistry is different and one of very few NHS treatments that must be paid for. There are three bands of treatment:¹⁵⁷

- **Band 1 course of treatment – £18.50 (€23.20)**

This covers an examination, diagnosis (including X-rays), advice on how to prevent

¹⁵⁷ See: [nhs.uk/NHSEngland/AboutNHSservices/dentists/Pages/nhs-dental-charges.aspx](https://www.nhs.uk/NHSEngland/AboutNHSservices/dentists/Pages/nhs-dental-charges.aspx).

future problems, a scale and polish if needed, and application of fluoride varnish or fissure sealant.

- **Band 2 course of treatment – £50.50 (€63.40)**

This covers everything listed in Band 1 above, plus any further treatment such as fillings, root canal work or removal of teeth.

- **Band 3 course of treatment – £219.00 (€274.80)**

This covers everything listed in Bands 1 and 2 above, plus crowns, dentures and bridges.

As of 2014, NHS 111 replaced NHS Direct as a *streamlined* service providing non-emergency medical advice over the phone.

As of 2014, the government is seeking to further plans to expand patients' rights to choice in the areas of (Department of Health 2014a):

- General practice.
- Mental health.
- Personal health budgets.

2.4 Elderly care

2.4.1 Retirement Age and Eligibility

From October 2011 the default retirement age in the UK (65 for men, 60 for women) has been phased out. Early retirement is possible under certain conditions, but pension schemes cannot usually be claimed before the age of 55. If suffering from ill health this may be different.

2.4.2 Retirement benefits

State pension age (SPA) in the UK is between 61 and 68 depending on when the claimant was born. There have been four Pension Acts since 2007. The have legislated for SPA in the following ways:

- The Pensions Act 2007: Raising SPA for women to 65 (in line with men) by 2020 and then raising SPA from 65 to 68 between 2024 and 2046.
- The Pensions Act 2008: Did not amend SPA.
- The Pensions Act 2011: Raising SPA for women to 65 (in line with men) by November 2018 and then raising the SPA from to 66 by 2020.
- The Pensions Act 2014: Raising SPA to 67 between 2026 and 2028.

Overall, the raising of SPA is being *accelerated*. The full basic state-pension is £113.10 (€141.90) (May 2014). It increases every year by whichever is highest: earnings - the average percentage growth in wages (in Great Britain); prices - the percentage growth in prices in the UK as measured by the Consumer Prices Index (CPI); 2.5%; 35 years of contributions or credits are required to get the full basic State Pension. A qualifying year requires earnings over £5,772 (€7,242). The minimum state pension (for instance for those without required contributions) is £67.80 (€85.10) (2014) and only available for those over 80 years of age who have had residence in the UK for ten years or more.

Reform in 2013/2014 means that from 2016 the pension system will be *streamlined* into a single-tier system of £144 a week (€180.70) (2014 rates). In 2007 qualifying years for a pension were *reduced* to 30 years for both genders, from 44 for men and 39 for women. However from 2013 contribution requirements were *increased* back upwards to 35 years.

The OECD calculated that, for 2013, under the system currently in place in the UK full career workers at average earnings can expect a pension replacement rate from the state of 32.6% upon retirement (OECD, 2013).

2.4.3 Care Services

Care home services in the UK are run predominantly by local authorities, but there are also services provided by private companies and voluntary organizations. Waiting times vary by location, and are not legislated for. All services require co-funding to some degree. In 2009

the Care Quality Commission (CQC) was established as an executive non-departmental public body of the Department of Health to regulate and inspect care services in the UK.

In 2014 the Care Act introduced a wide-ranging collection of reforms, the most important three changes relate to the funding of care and the capping of costs. As of April 2016, when individuals of state-pension age or older are responsible for their care and support costs, as assessed by the local authority, there will be a £72,000 (€91,740) cap on how much they have to pay towards the direct costs of care provision.¹⁵⁸ This cap does not include the following (Department of Health 2013): a contribution to general living costs if living in a care home, including food, energy bills and accommodation (these are expected to be around an annual cost of £12,000 (€15,000) for all but those on the lowest income); ‘extra’ care costs. For instance if a more expensive care home or support service is chosen over the one in the Local Authority support package.

Additional costs, such as cleaners and gardeners: In principle, the state will provide costs after this amount. This new cap is designed to *provide protection* ‘from catastrophic care costs if they have serious needs’ (Department of Health 2013). The second large change to the funding regime of social care is a significant raising of the threshold for means-tested support from £23,000 to £110,000 (€29,300 to €140,200). In principle this *widens* the potential support base. It must be noted that the amount is based on *overall assets* and not income.

The third change regards the Deferred Payment Agreement. This allows people to take out a loan against their property (if they own it), so the Local Authority pay care-support costs at present, and then claim costs back when the house is sold. The new change *widens the availability* of this scheme, however, it also allows Local Authorities to *charge interest* on these payment arrangements.

The system is not the same across the UK. Whilst Wales and Northern Ireland have a means-tested system similar to that in England, in Scotland personal care is free for those over the age of 65 who have been assessed by the local authority as needing it. Those at home do not

¹⁵⁸ The introduction of this cap was informed by the 2011 Dilnot Report, although the report recommendation was that the cap should be set at £35,000 (€44,600).

get charged, whilst those paying for care homes get £200 (€255) towards nursing and personal care (BBC, 2013).

2.4.4 Care of Disabled People

There is no distinct disability pension in the UK, other than a War Disablement Pension if someone is injured in the armed forces. The main form of financial support for claimants with disability is the Disability Living Allowance (which is being transferred to the Personal Independence Payment) and the Employment Support Allowance for those of working age. Public care in the UK is operated by Local Authorities and so the level of service availability depends on where you live. After a needs assessment a local council may be able to provide financial support towards aids and adaptations, care at home or short break services. Carers can claim a Care Allowance if they spend at least 35 hours a week caring for another individual (not necessarily a relative). The allowance is £61.35 a week (€78.20), which over a year is equal to around 12% of median earnings (ONS, 2013a). The benefit is taxable and can affect other benefits.

Comments:

The reforms included in the Health and Social Care Act 2012 have been described as the biggest upheaval of the NHS since it was created (Delamothe and Godlee, 2011). The act established a new executive agency, Public Health England, and transferred considerable budgets (between £60 billion and £80 billion) from abolished care trusts towards smaller clinical commissioning groups, partly run by GPs. The principles behind this move are increased efficiency and the empowerment of patient choice, however, some have claimed that the move greatly increases the role of the private sector in providing healthcare (Peedell, 2011).

Related Legislation:

Care Act 2014.

The NHS Direct National Health Service Trust (Dissolution) Order 2014.

The National Health Service (Revision of NHS Constitution - Principles) Regulations 2013.

The Health and Social Care Act 2012.

Statutory Sick Pay Act 1994: amendments in 2010 and Statutory Sick Pay Percentage Threshold (Revocations, Transitional and Saving Provisions) (Great Britain and Northern Ireland Order 2014).

3. Taxation and Housing Policies

3.1 Taxation

3.1.1 Consumer taxation

In the UK the standard rate of value-added tax (VAT) is 20%. In 2011 this rate *increased* from 17.5%, where it had been set since 1991. A reduced rate of 5% is levied on goods such as child seats and household energy. There is no VAT on children's clothes and most food items.¹⁵⁹

3.1.2 Income Tax

Income tax rates are set at the following bands:

Tax rate	2012-2013	2013-2014	2014-2015
Basic rate 20%	£0 to £34,370 (€0 to €43,125)	£0 to £32,010 (€0 to €40,165)	£0 to £31,865 (€0 to €39,980)
Higher rate 40%	£34,371 to £150,000 (€43,125 to €188,000)	£32,011 to £150,000 (€40,165 to €188,000)	£31,866 to £150,000 (€39,980 to €188,000)

¹⁵⁹ See: gov.uk/vat-rates.

	to €188,210)	to €188, 210)	210)
Additional rate 45% (50% for 2012 to 2013)	Over £150,000 (Over €188, 210)	Over £150,000 (Over €188, 210)	Over £150,000 (Over €188, 210)

In 2009 the top income tax rate was *raised* from 40% to 50%. It was presented as an emergency response to the sudden crisis in public finances following the financial crash the year (CLASS 2014). In 2012 the top rate of 50% was *reduced* down to 45%.

Personal allowance is an annual amount of tax free income. For the tax year 2012/2013 the personal allowance amount is:

Age	Amount
Up to and including 64	£8,105 (€10,170)
65 to 74	£10,500 (€13,175)
75 and over	£10,660 (€13,375)

In 2013/2014, for those born after 5th April 1948 the personal allowance amount will *increase* from £8,105 to £10,000 (€10,170 to €12,545). Accordingly, those on lower incomes have *decreased income tax payments*. For high earners, this allowance decreases by £1 for every £2 earned over £100,000, down to zero.¹⁶⁰

For those registered blind there is an additional allowance of £2,100 (€2,635) (2012/2013).

According to HMRC, exemptions from income tax include: Disability Living Allowance, lump sum Bereavement Payments, Pension Credit, free TV licence for over 75s, winter fuel payments and Christmas bonus, Housing Benefit, Employment and Support Allowance – income-based,

Income Support - certain payments, Child Benefit, Maternity Allowance, Industrial Injuries Benefit, Severe Disablement Allowance, War Widow's Pension, All ISAs, Working Tax Credit

Child Tax Credit, wins from Premium Bonds.¹⁶¹

¹⁶⁰ See: gov.uk/income-tax-rates.

¹⁶¹ See: hmrc.gov.uk/incometax/taxable-income.htm.

3.1.3 Inheritance tax

The UK inheritance tax regulations follow the ‘domicile principle’ in that taxation is levied according to the primary domicile of the individual, as opposed to their residence at time of death or nationality (Copenhagen Economics 2011:21). Inheritance tax is 40% when a person’s estate (their property and possessions) is worth more than £325,000 (€407,780) when they die. The threshold has *been raised* each year in the period 2004-2009:

From	To	Threshold / Nil-Rate Band
6 th April 2009	5 th April 2015	£325,000 (€407,780)
6 th April 2008	5 th April 2009	£312,000 (€391,470)
6 th April 2007	5 th April 2008	£300,000 (€376,410)
6 th April 2006	5 th April 2007	£285,000 (€357,590)
6 th April 2005	5 th April 2006	£275,000 (€354,045)
6 th April 2004	5 th April 2005	£263,000 (€329,985)

From 2012/2013 adjustments to the Inheritance Tax Act 1984 by the Finance Tax Act 2012 have decreed that if 10% or more of the property is left to charity then the Inheritance Tax rate *reduces* to 36%.

Other tax relief includes: assets left to spouse or civil partner; gifts made to charity; heritage relief (i.e. if property is listed or of historical/architectural interest); agricultural relief (certain farmland); business relief (if a business is owned and passed, it may be exempt).

3.1.4 Real estate tax

In the UK, property-based taxes are levied on land transactions as Stamp Duty Land Tax (SDLT) and locally as Council Tax.

3.1.5 Stamp Duty Land Tax

SDLT is paid whenever a property is sold or leased, from 24 March 2012 the duty is:

Purchase price of property	Rate of SDLT (% of total purchase price)
£0 - £125,000 (€0 - €156,840)	0%
£125,001 - £250,000 (€156,841 - €313,675)	1%
£250,001-£500,000 (€313,676 - €627,355)	3%
£500,001 - £1 million (€627,356 - €1,254,710)	4%
Over £1 million - £2 million (€1,254,711 - €2,509,410)	5%
Over £2 million (over €2,509,410)	7%
Over £2 million (purchased by certain persons, including corporate bodies) (over €2,509,410)	15%

SDLT has changed numerous times during the crisis. The main changes are outlined here:

From March 2005 to March 2006 the tax was 4% on properties over £500,000 (€627,355), 3% for properties between £250,000-£500,000 (€313,675-€627,355), 1% for properties between £125,000-£250,000 (€156,840-€313,675) and 0% below £125,000 (€156,840). The 0% charge was raised from the previous threshold of £60,000 (€75,280). In disadvantaged areas, the 1% threshold kicked in at £150,000 (€188,205) instead of £120,000 (€150,565) but then matched the rest of the upper thresholds.

From March 2006 to September 2008 the 1% threshold was raised to £125,000 (€156,840).

From September 2008 to January 2010 the lease and property rates were merged. The higher threshold on disadvantaged areas was removed. The 0% threshold was raised to £175,000 (€219,575). This move was linked directly to the housing crisis (van der Heijden et al., 2011).

From January 2010 to March 2010 the 0% threshold was returned to £125,000 (€156,840).

From March 2010 to April 2011 a first-time buyer's threshold was introduced at 0% for properties up to £250,000 (€313,675). The thresholds above this remained the same for first-time buyers.

From April 2011 to March 2012 the £1million-plus thresholds were introduced.

From March 2012 the differential first-time buyer's rates were dropped.

3.1.6 Council Tax

The Council Tax pays for services in local area and is a banded tax based on the valuation of the property. There are eight bands, from A-H, and A-I in Wales. In England and Scotland, valuation bands are based on property values on 1st April 1991. In Wales, valuation bands are based on property values on 1st April 2003 (Valuation Office Agency, 2008).

Local authorities set Council Tax costs within each band, and so accordingly there is no average as such, and it has been noted that there are large inconsistencies across the country, particularly when making a comparison with London, due to the large house price increases in the capital since 1991 (Brignall, 2012). The most up to date calculation from HMRC (2014) is that in England the average yearly Council Tax for a band D property in 2014/2015 is £1,468 (€1,842) and £1,296 (€1,626) in London.

Those on low incomes can apply for Council Tax Support. In 2013 the Council Tax Benefit scheme was replaced by the Council Tax Support scheme plus an overall funding cut of the benefit by 10%. This localised the council tax support system. Pensioners were exempt from the process.

3.2 Mortgage Loans and Unpaid Rent

3.2.1 Unable to Pay Mortgage

Those unable to pay the mortgage on their property may be eligible for the Mortgage Rescue Scheme or Support for Mortgage Interest (SMI). The Mortgage Rescue Scheme was launched

in 2008, to help stabilise the housing crisis (van der Heijden et al., 2011). £200 million (€251 million) was set aside to assist those falling behind on mortgage repayments by setting up property owners with Housing Associations who could then buy or part-own the property. In 2014 the scheme was *abolished* in England.

SMI is a scheme for those on particular benefits, such as Income Support, income-based JSA or income-related ESA. The support is for mortgages up to £200,000 (€250,940) after a 13-week waiting period, or £100,000 (€125,470) if you are on Pension Credit. The scheme pays for interest on the mortgage *only*.

The Labor Government made a number of changes to the SMI scheme from January 2009, as part of a wider package of measures to help people affected by the economic downturn (Kennedy, May 2013). The waiting period for SMI was reduced to the current 13 weeks and the loan cap increased to £200,000 (€250,940). The ‘standard rate’ of interest was frozen at 6.08%. This *widened accessibility* of the scheme. Receipt of SMI was also limited to two years for JSA claimants, this *restricted accessibility* for those claimants.

From 1 October 2010 the standard rate fell to 3.63% and it remains at that level. Changes will be made to SMI under the Universal Credit scheme. SMI will not be payable if the claimant or their partner does any paid work.

3.2.2 Unable to Pay Rent

For those renting a house, there are no supporting policies if the tenant falls into rent arrears. The UK Government website suggests seeking advice from Money Advice Service, Citizens Advice, or the homeless charity Shelter.¹⁶²

¹⁶² See: shelter.org.uk.

3.2.3 Evictions

Eviction procedures from rental properties are regulated according to the rental contract. ‘Rolling’ contracts can be evicted with two months’ notice. If the tenants’ deposit is in a safe deposit scheme an accelerated process can also be undertaken. If tenants do not leave the landlord can apply for court orders to repossess properties, or bailiffs to remove tenants and their possessions. During a ‘fixed’ term contract a landlord can only evict a tenant for certain reasons, such as: unpaid rent, antisocial behaviour, a ‘break clause’ in the contract. A possession order can’t take effect until the tenant has been living in the property for at least six months.

Evictions from mortgaged properties are pursued by the mortgage lender, who can acquire a possession order if mortgage payments are in arrears. The homeowner can try to get a suspension or appeal on the order. If this is not upheld, they face eviction. There is no standardised procedure; lenders are expected to give those in arrears a ‘reasonable chance’ of catching up on payments and bailiffs are entitled to use a ‘reasonable amount’ of force to remove those who refuse (Citizens Advice Bureau).

3.2.4 Housing Benefit

Housing benefit is available to those paying rent who are on low incomes. The money is only paid on rent and goes to the landlord and not the tenant. The amount available varies considerably based on personal circumstances, social housing rates in the area, and for those renting in the private sector, the Local Housing Allowance (LHA) of the area. The June 2010 budget announced a *reduction* in LHA rates, from the 50th percentile to the 30th percentile of the wide-area distribution of rents (OECDa 2014), to be implemented from 2011/2012 (OECDa, 2014:61). Accordingly, access to household benefit was *restricted*. The overall cap on household benefit affects housing benefit.

3.2.4 Social housing

There is an institution of social housing in the UK, but there is no ‘general entitlement’ to social housing for anyone in England, including British citizens. There have been some changes to social housing eligibility, legislated in the Localism Act 2011, and housing benefit reductions for under-occupied social housing, legislated in the Welfare Reform Act 2012.

Whilst legal guidelines exist centrally, the Localism Act 2011 *devolved power* to Local Authorities to set the eligibility criteria for social housing, depending on the needs of the area (Barclay & Wilson 2011:39). The criteria of an ‘eligible’ or ‘qualifying’ person then is context specific, and so councils can restrict certain classes of people from being eligible, such as those in rent arrears. This reverses the law stopping this practice in 2002. Local Authorities are not required to produce a register (or ‘waiting list’) but must have an allocation scheme determining priorities for applicant (Wilson 2014:2). They are also obliged to collect social lettings data (DCLG, 2013).

The Localism Act 2011 also allows for applicants to be ‘discharged’ into private accommodation and considerably weakens the right for applicant to refuse an allocated property. The move to allow private property to be offered to tenants could open up the allocation system across different Local Authorities (for instance, Newham, a London borough, approached Stoke Council to house applicants, a Local Authority 160 miles away (Independent April 2012)).

Further, the Act also introduces ‘flexible tenancies’. Instead of unended contracts, these run for a minimum of two years. If the council does not wish to extend the contract they must provide six months’ written notice. Rent in social housing is set by each Local Authority, and below market rates in the area. A consultation is currently underway on what mechanism for setting rents can be used in 2015/2016 (DCLG 2014). Taken as a whole, it “appears that most of the changes brought in by the Localism Act do *restrict access* to social housing” and furthermore, “the right to a social tenancy for life is *diminishing*” (Stephens, 2012, emphasis added).

3.2.5 The Affordable Homes Programme

In 2010, the government introduced the Affordable Homes Programme in England. The Programme follows a new funding model for affordable (i.e. below market rate) housing. The Programme introduced three main changes: housing providers can charge higher rents for affordable housing than previously (up to 80 per cent of market rates), both for new homes and for some new tenancies of existing homes; housing providers finance a greater proportion of the cost of new homes themselves, through increased borrowing; and the government pays less grant for each new home provided (see: National Audit Office, 2012). Accordingly, the new system *lessens* government responsibility for funding social housing, *increases* the rent burden on tenants and *encourages* private companies to borrow.

3.2.6 The Spare-Room Subsidy

The Welfare Reform Act 2012 set out new legislation to deal with under-occupancy of social housing by existing tenants, which was introduced in March 2013. This legislation attempts to tackle what has been called the ‘spare-room subsidy’ and nicknamed the ‘bedroom tax’, by reducing the Housing Benefit provided to those living in social housing by 14% for one non-occupied room, and 25% for two or more non-occupied rooms.

The rules allow one bedroom for: every adult couple (married or unmarried); any other adult aged 16 or over; any two children of the same sex aged under 16; any two children aged under 10; any other child (other than a foster child or child whose main home is elsewhere); children who can’t share because of a disability or medical condition; a carer (or team of carers) providing overnight care. Accordingly, the legislation *penalises* those living in properties with more bedrooms than occupants.

Related Legislation:

Finance Tax Act 2012.

The Local Government Finance Act 2012.

The Localism Act 2011.

See also:

Inheritance Tax Act 1984.

1996 Housing Act.

2002 Homelessness Act.

4. Family and Education

4.1 Maternity/Parental Leave

4.1.1 Eligibility and flexibility

If a claimant is counted as an employee and gives the correct notice then they are eligible for maternity leave, regardless of length of employment, hours worked or pay. Overall, maternity protection, particularly maternity benefits, have been *reduced* in the UK in the context of the economic crisis (ILO 2014:71). In 2006 The Work and Families Act contained powers to *extend* entitlement to statutory maternity pay (SMP) and maternity allowance (MA) from six months to a maximum of one year; and created a new right for fathers to take up to 26 weeks additional paternity leave, if the mother had returned to work before her maternity leave had expired.

From 2015 The Children and Families Act will provide *increased flexibility* for parents to share the parental time off. There will also be *increased rights* to request flexible working hours.

Certain employers may allow up to ten ‘Keep in Touch’ days during Maternity Leave. These are paid working days which do not affect payment of SMP. Claimants cannot work part-time or otherwise while claiming SMP.

4.1.2 Benefits

Statutory Maternity Leave (SML) is 52 weeks. The first 26 weeks count as ordinary leave and the second 26 count as additional.

Statutory Maternity Pay (SMP) is paid for up to 39 weeks. To be qualify the claimant must:

- earn on average at least £111 (€139) a week;
- provide the correct notice;
- provide proof of pregnancy;
- have worked for the employer continuously for at least 26 weeks up to the ‘qualifying week’ - the 15th week before the expected week of childbirth;
- SMP is equal to:
- 90% of average weekly earnings (before tax) for the first six weeks;
- £138.18 (€173.38) or 90% of average weekly earnings (whichever is lower) for the next 33 weeks.

SMP is paid in the same way as wages (e.g. monthly or weekly). Tax and National Insurance is deducted. Employees can provide payment schemes above and beyond the SMP, for instance, since 2007, maternity pay for an NHS worker with over a year continuous service is (NHS 2007):

- eight weeks at full pay including any SMP, Maternity Allowance, or equivalent benefits;
- 18 weeks at half pay reduced only where half pay plus benefits payable exceeds full pay;
- 13 weeks of SMP, if payable;
- 13 weeks unpaid leave.

For 2013 the OECD calculated the ‘full-rate equivalent’ for mothers in the UK, defined as the proportion of the duration of paid leave if it were paid at 100% of last earnings, to be 11.7, and for fathers to be 0.4 (OECD 2014b, Table PF2.1.A).

4.1.3 Maternity Allowance

Maternity Allowance is for those ineligible for other maternity benefits, for instance, covering self-employed workers or those who have stopped working. Claimants must have worked for 26 out of the 66 weeks before the expected week of childbirth date. Claimants get either:

- £138.18 (€173.38) a week or 90% of your average weekly earnings (whichever is less) for up to 39 weeks.
- £27 (€33.88) a week for up to 14 weeks if they have low National Insurance contributions or help a partner run a business.

The lower rate Maternity Allowance is introduced from July 2014. This provides a *new element* to the allowance.

Maternity Allowance does not affect tax credits but it can affect: Council Tax Reduction, Housing Benefit, Employment and Support Allowance (ESA), Income Support, Jobseeker's Allowance (JSA) - this stops when Maternity Allowance is claimed, Bereavement benefits, Carer's Allowance, Sure Start Maternity Grant.

The Sure Start Maternity Grant was introduced in 2000 and in 2002 was set at a £500 (€628) non-repayable grant for every child born into a family. From 2011 the grant was limited to the first child only. Those who already have children can only claim if they are expecting a multiple birth. Accordingly, access to the grant was *restricted* (Kennedy, 2011).

4.1.4 Health in Pregnancy Grant

The Health in Pregnancy Grant of £190 (€238) was introduced in 2006 for mothers who had received healthy eating advice from a midwife or other health professional. The money was intended to be spent on a healthy diet for the mother from the 25th week of pregnancy, although it was up to the recipient to spend it as they saw fit (Wright, 2009). The Grant was *abolished* in 2010 by the Savings Accounts and Health in Pregnancy Grant Act 2010, in order to reduce the government deficit (ILO 2014:70).

4.2 Child Allowance

Child benefit is available if the claimant is responsible for a child under 16 (or up to 20 if the child is in approved education and training). Only one person can claim Child Benefit for a child. From 2013 the High Income Child Benefit Charge was introduced to tax the benefit if recipients earned £50,000 (€62,735). Once income reaches £60,000 (€75,280) the charge nullifies the benefit. Accordingly, this restricted the universal scope of the original benefit (ILO 2014:25).

There are two Child Benefit rates:

Who the allowance is for	Rate (weekly)
Eldest or only child	£20.50 (€25.70)
Additional children	£13.55 (€17) per child

4.3 Child Tax Credit

Child tax credit is a means-tested benefit introduced in 2002 for those responsible for a child under 16 (or up to 20 if the child is in approved education and training). Previously the income threshold was £41,300 (€51,820). However, from 2012 this threshold was removed and lower threshold bands were introduced. Accordingly, the means-testing system is now *more restrictive*.

For the year 2014/15, to claim the recipient must be below the following income thresholds (HMRC: 2014:7): one child: the maximum income to be eligible will normally be £20,000 (€25,095) a year; two children: £30,000 (€37,640); three: £35,800 (€44,920). Couples must apply jointly for the credit, single-parents may still apply. A claimant does not have to be working to claim Child Tax Credit and it does not affect Child Benefit.

4.3.1 Families with Excessive Debts/Over Indebtedness

In the UK, debt can only be inherited through signed joint loans or agreements. It is not generally possible to inherit debt otherwise. There are no social security policies for excessive family debts other than individual bankruptcy. In 2011 The Money Advice Service, an independent advice body, was launched by the coalition government. This replaced the Money Made Clear programme which was launched a year earlier by the Labor Government. Money Made Clear still exists in Wales. In 2006 the Scottish Government launched the Debt Advisory Service (Scotland).

4.4 State-Funded Pre-school and Primary-school Education

4.4.1 Pre-school

Pre-school provision in the UK is flexible and dependent on provision and choice. All three and four-year-olds in England are entitled to 15 hours of *free* early education *or* childcare each week for 38 weeks of the year.

The early education and childcare can be at:

- nursery schools;
- nurseries on school sites;
- nursery classes in schools and academies;
- children's centers;
- day nurseries;
- some playgroups and pre-school;
- child-minders;
- Sure Start Children's Centers.

The choice of service varies by Local Authority. From September 2014 more two-year-olds in England will be eligible for free early education. Accordingly, provision will *widen*, but this is *dependent* on available services.

4.4.2 Primary-school

Primary education is free in the UK, for all children aged four to 11. There are no benefits related specifically to primary school provision, however, from September 2014 all children in reception (under 4), year one and year two in state-funded primary schools will be eligible to receive free school meals. Accordingly, provision has *widened* for children.

4.4.3 Gymnasium

The UK does not have a Gymnasium school system. The equivalent to this system are Grammar Schools, which have generally been phased out since the 1970s. In England 2012 around 4% of year 7 children (aged 11) went to a grammar school, and the system is regionally-specific (see: Cribb et al., 2013).

4.4.4 Further Education

Education Maintenance Allowance: In 2004 the Education Maintenance Allowance (EMA) was introduced in the UK. The allowance provides weekly payments for students aged 16-19 in low-income households. The payments matched up with the following income bands: £30 (€37.60) to households under £20,817 (€26,120); £20 (€25) to households from here up to £25,521 (€32,020); £10 (€12.50) for households from here up to £30,810 (€38,660). In 2010 the scheme was scrapped in England and money diverted to educational establishments as opposed to the students themselves. The payments continue in Scotland, Wales and Northern Ireland.

Participation Age: Legislated by the Education and Skills Act 2008, for the academic year starting 2013/2014 the UK the *participation age was raised* from 16 to 17. In 2015 this will be *raised* again to 18. This does not mean necessarily staying in school until this age, but doing some form of training or further education, full-time or part-time, alongside any work or volunteering until the age of 18 (Department for Education, 2013).

Executive Agencies: In 2012 The Education Funding Agency (EFA) was formed by merging the functions of two non-departmental public bodies: Partnerships for Schools and Young People’s Learning Agency. The EFA is responsible for distributing funding for state education in England for three to 19 year olds, as well as managing the estates of schools and colleges. This decision *streamlined* the predominant quango support for the Department of Education.

4.4.5 Higher Education

Tuition fees and exceptions: In 2004 the cap on tuition fees for university students was *raised* from a possible £1,000 (€1,255) to £3,000 (€3,765) a year. From September 2011, following the recommendations of the Browne Report 2010,¹⁶³ the cap was *raised further* to £9,000 (€11,290). From 2012 a majority of universities charged the full amount (Guardian DataBlog 2012). Fees are covered by loans and are not paid up front. The earnings level that graduates have to pay back their loans has changed from £15,000 (€18, 820) to £21,000 (€26,350), which rises annually with inflation (BBC 2011). If the debt is not cleared thirty years after graduation it is cancelled.

Student loans are calculated for the tuition fees and as maintenance allowance. Tuition loans are paid directly to the educational establishment and are available to English and EU students on full or part-time courses. Maintenance loans are paid to the student and split into loans and grant, calculated according to household income. These are not available to part-time students, EU students, or those over the age of 60. For every £ received in grant, 50p is removed from the available loan. Accordingly, as of 2014, the fees/loans amount is (savesthestudent.org, 2014):

Household Income	Maintenance Loan	Maintenance Grant	Full Amount
< £25,000	£3,862	£3,387	£7,249
<€31,325	€4,840	€4,245	€9,083

¹⁶³ The Browne Report was commissioned in 2009 by the Labor Party, but did not report until 2010 after the General Election and the installation of the Conservative-Liberal Democrat Coalition Government.

£30,000	£4,335	£2,441	£6,776
€37,590	€5,430	€3,060	€8490
£35,000	£4,808	£1494	£6,302
€43,860	€6,025	€1,870	€7,895
£40,000	£5,282	£547	£5,829
€50,120	€6,620	€685	€7,305
< £42,620	£5,530	£50	£5,580
<€53,405	€6,930	€63	€6,990
£45,000	£5,343	£0	£5,343
€56,390	€6,695	€0	€6,695
£50,000	£4,843	£0	£4,843
€62,655	€6,070	€0	€6,070
£55,000	£4,343	£0	£4,343
€68,920	€5,440	€0	€5,440
£60,000	£3,843	£0	£3,843
€75,185	€4,815	€0	€4,815
£62,125	£3,630	£0	£3,630
€77,845	€4,550	€0	€4,550

EU students pay the same as home students. Outside the EU fees are dependent on the university and course, with some fees up to £37,500 (€47,050) a year for medical training (Reddin Survey of University Tuition Fees 2013-2014). The average overseas course fee is around £11,875 (€14,900) (HSBC 2013).

There are *regional differences* for tuition fees in the UK. There are *no fees* for Scottish students studying in Scotland. The Welsh government pays for fee costs above £3,465 (€4,348) for any Welsh student studying anywhere in the UK. In Northern Ireland the same policy applies.

There is no specific social security benefit available for university students, other than childcare grants for full-time student parents and exemption from Council Tax. For instance

full-time students cannot usually claim housing benefit (Citizen's Advice Bureau, 2014a). There are a number of loans, grants and scholarships available in the UK.

Related Legislation

The Higher Education Act 2004 (University fees cap raised in 2010).

The Work and Families Act 2006.

Education and Skills Act 2008.

The Children, School and Families Act 2010.

Savings Accounts and Health in Pregnancy Grant Act 2010.

Education Act 2011.

The Health and Social Care Act 2012.

The Children and Families Act 2014.

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Details on UK legislation are available at: www.legislation.gov.uk

(All links last accessed 16th September 2014)

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Appendix: List of interview respondents

France

FR 1: Coquet Bruno, President of the EU Employment Committee DGEFP councillor, Paris, 3 July 2014. Labor policies.

FR 2: Lavieville Marie-Françoise, Director of the « Housing Task Force », the *Pole Hébergement et accès au logement à la Délégation Interministérielle à l'Hébergement et à l'Accès au Logement* » (DIHAL), Paris, 8 July 2014. Housing policies.

FR 3: Le Hot Elizabeth, Councillor of the « Ministry for Health and Social Affairs », the *Ministre des Affaires sociales et de la santé*, Paris, 2 June 2014. Family and education policies.

FR 4: Mazurier-Nolin, Pauline, Project manager at the « State Secretariat for Family », the *Secrétariat d'Etat chargé de la famille, des personnes âgées et de l'autonomie*, Paris, 2 June 2014. Family and education policies.

FR 5: Mouhanna Christian, Deputy director at the CESDIP, the *Centre de recherche sociologique sur le droit et les institutions pénales*, Paris, the 8 July 2014. Citizens' right and rights depletion.

FR 6: Pinte Etienne, President of the « National Council of Anti-Poverty Policies », the *Conseil National des politiques de Lutte contre la pauvreté et l'Exclusion*, Paris, 26 June 2014. Social policies.

FR 7: Polge Michel, Director of the Task Force on Substandard Housing, the *Pôle de lutte contre l'habitat indigne à la Délégation Interministérielle à l'Hébergement et à l'Accès au Logement* (DIHAL), Paris, 4 July 2014. Tax policies and finance policies.

FR 8: Zelinski Daniel, Chief of Staff of the « State Secretariat for people with disabilities and against exclusion », the *Secrétariat d'Etat chargé des personnes handicapées et de la lutte contre l'exclusion*, Paris, 8 July 2014. Social policies

Germany

DE 1: Government official, Federal Ministry of Labor and Social Affairs, Berlin, 30.07.2014. Not politically appointed.

DE 2: Government official, Federal Ministry of Labor and Social Affairs, Not politically appointed. Berlin, 30.07.2014.

DE 3: Government official, Federal Ministry of Labor & Social Affairs, Not politically appointed, Berlin, 03.07.2014.

DE 4: Government official, Federal Department of Labor and Social Affairs, not politically appointed, phone call, 02.06.2014.

DE 5: Government official, Federal Agency of Employment, not politically appointed Nuremberg, 18.06.2014.

DE 6: Government official, Federal Agency of Employment, not politically appointed Nuremberg, 18.06.2014.

DE 7: Government official, Federal Agency of Employment, Nuremberg, not politically appointed, 18.06.2014.
DE 8: Government official, Federal Agency of Employment, not politically appointed, Nuremberg, 18.06.2014.
DE 9: Member of Parliament (SPD), politically appointed, Berlin, 17.07.2014.
DE 10: Government official, Federal Ministry of Education and Research, Berlin, 17.07.2014.
DE 11: Government official, Federal Ministry of Education and Research, Berlin, 17.07.2014.
DE 12: Government official, Federal Ministry of Health, Berlin, 03.07.2014.
DE 13: Government official, Federal Department of Labor and Social Affairs, via e-mail, 27/30.06.2014.
DE 14: Government official, Federal Ministry of Finance,, Berlin, 24.06.2014.
DE 15: Government official, Federal Ministry of Finance, Berlin, 24.06.2014.
DE 16: Government official, Federal Ministry of Finance, Berlin, 24.06.2014.
DE 17: Government official, Federal Ministry of Economy and Innovation, Berlin, 24.06.2014.
DE 18: Government official, Federal Ministry of Finance, Berlin, 24.06.2014.
DE 19: Government official, Federal Ministry of Environment, Berlin, 11.07.2014.
DE 20: Government official, Federal Ministry of Environment, Berlin, 17.07.2014.
DE 21: Government official, Federal Ministry of Environment, Berlin, phone call 14.07.2014.
DE 22: University professor of law, University of Leipzig, Leipzig, 01.07.2014.

Greece

EL 1: Pisimisi, M., Government official?, Manpower Employment Organization (OAED), Athens, 17.07.2014.
EL 2: Government official, Ministry of Labor, Welfare and Social Security, Athens, 22.07.2014.
EL 3: Government official, Ministry of Labor Welfare and Social Security, Athens, 22.07.2014.
EL 4: Government official, Ministry of Labor, Welfare and Social Security, Athens, 28.07.2014.
EL 5: Government official, Hellenic Labor Inspectorate (S.EP.E), Athens, 29.07.2014.
EL 6: Government official, Special Service of Operational Programs in the sector of Health and Social Solidarity, Athens, 16.07.2014.
EL 7: Government official, National Organization for Healthcare Provision (EOPYY), Athens, 17.07.2014.
EL 8: Government official, Ministry of Labour, Welfare and Social Security, Athens, 24.07.2014.
EL 9: Government official, Ministry of Labour, Welfare and Social Security, Athens, 24.07.2014.
EL 10: Government official, Ministry of Labour, Welfare and Social Security, Athens, 24.07.2014.
EL 11: Government official, Social Security Institute (I.K.A.), Athens, 31.07.2014.

- EL 12: Government official, Ministry of Finance, Athens, 04.07.2014.
EL 13: Government official, Ministry of Finance, Athens, 07.17.2014.
EL 14: Government official, Headquarters of Hellenic Police, Athens, 06.08.2014.

Italy

- I 1: Government official, Ministry for Infrastructures and Transportation. Phone call, 29/9/2014.
I 2: Government Officer, Ministry of Labour and Welfare. Rome, 23/5/2014.
I 3: Government Officer, Ministry of Labour and Welfare. Rome, 23/5/2014.

Poland

- PL 1: Former government official, Ministry of Labour and Social Policy, Warsaw, 07.15.2014.
PL 2: Ombudsman director, Human Rights Defender bureau, Warsaw, 01.08.2014.
PL 3: Government official, Ministry of Labour and Social Policy, Warsaw, 06.25.2014.
PL 4: Government official, Ministry of Health, place and date of the interview: Warsaw, 2014.07.01
PL 5: Government official, Ministry of Health, Warsaw, 27.06.2014.
PL 6: Government official, Ministry of Health, Warsaw, 04.07.2014.
PL 7: Government official, Ministry of Finance, Warsaw, 10.07.2014.
PL 8: Government official, Chancellery of the Prime Minister; Warsaw, 07.08.2014.
PL 9: Government official, Ministry of National Education, Warsaw, 25.07.2014.
PL 10: Ombudsman, Human Rights Defender bureau, Warsaw, 14.07.2014.
PL 11: Government official, Ministry of Administration and Digitalization, Warsaw, 24.07.2014.

Spain

- ES 1: Government official, Department of Education (Generalitat de Catalunya); Barcelona, 17.07.2014.
ES 2: Government official, Fernandez, Inverso; Area Chief of the Gerontology Plan; Madrid, 2014.06.18
ES 3: Government official, National Institute of Social Security; Madrid, 2014.06.17.
ES 4: Government official, Health Ministry; Madrid, 2014.06.30
ES 5: Government official, General Director of Support to Disability Policies Health Ministry; Madrid, 2014.07.01.
ES 6: Government official, Ministry of Employment and Social Security; Madrid, 2014.10.07
ES 7: Government official, Secretary of State Security; Madrid, 2014.10.08

Switzerland

CH 1: Government official, Federal Department of Economic Affairs, Education and Research, Bern, 02.07.2014.

CH 2: Government official, Federal Social Insurance Office, Bern, 04.08.2014.

CH 3: Government official, Federal Department of Economic Affairs, Education and Research, Bern, 07.07.2014.

CH 4: Government official, Federal Department of Economic Affairs, Education and Research, Bern, 27.08.2014.

CH 5: Government official, Federal Social Insurance Office, Bern, 08.09.2014.

Sweden

SE 1: Government official, Ministry of Employment, Stockholm, 21.08.2014.

SE 2: Government official, Ministry of Employment, Stockholm, 21.08.2014.

SE 3: Government official, Ministry of Employment, Stockholm, 21.08.2014.

SE 4: Government official, Ministry of Employment, Stockholm, 21.08.2014.

SE 5: Government official, Labor Market Committee of the Swedish Parliament, non-politically appointed, Stockholm, 22.05.2014.

SE 6: Government official, Labor Market Committee of the Swedish Parliament, non-politically appointed, Stockholm, 22.05.2014.

SE 7: Government official, Swedish Employment Agency, Stockholm, 04.06.2014.

SE 8: Government official, Swedish Employment Agency, Stockholm, 09.07. 2014.

SE 9: Government official, Ministry of Social Affairs, Stockholm, 13.08.2014.

SE 10: Government official, Social Insurance Agency, Stockholm, 09.07.2014.

SE 11: Government official, Social Insurance Agency, Stockholm, 09.07.2014.

SE 12: Government official, Social Security Agency, Stockholm, 14.08.2014.

SE 13: Government official, Parliament Committee for the Social Insurance, Stockholm, 20.05.2014.

SE 14: Government official, Parliament Committee for the Social Insurance, Stockholm, 20.05.2014.

SE 15: Government official, Parliament Committee for the Social Insurance, Stockholm, 20.05.2014.

SE 16: Government official, Parliament Committee for the Social Insurance, Stockholm, 20.05.2014.

SE 17: Government official, Parliament Committee on Taxes, Stockholm, 16.05.2014.

SE 18: Government official, Parliament Committee on Taxes, Stockholm, 16.05.2014.

SE 19: Government official, Parliament Committee on Social Affairs, Stockholm, 15.08.2014.

United Kingdom

UK 1: Government official, Social Security Advisory Committee, 09.07.2014.

UK 2: Senior Research Fellow, Oxford University, Oxford, 12.06.2014.

UK 3: Researcher, Joseph Rowntree Foundation; York, 19.06.2014.

UK 4: Government official, Social Mobility and Child Poverty Commission, Bristol, 27.06.2014.
UK 5: Social and Economic Research Fellow, Policy Exchange, London, 02.07.2014.
UK 6: Government official, London, 03.07.2014
UK 7: Lead Analyst, New Economics Foundation; London, 14.07.2014.
UK 8: Governmental official, National Housing Federation, London, 15.07.2014.
UK 9: Director, Unlock Democracy, London, 28.07.2014.
UK 10: Government official, Department of Work and Pensions, Sheffield 30.07.2014.
UK 11: Policy Official, Department of Health, London, 19 Aug 2014.

European Union

EU 1: Official of the European Commission, DG EMPL
EU 2: Official of the European Commission, DG EMPL
EU 3: Official of the European Commission, DG EMPL
EU 4: Official of the European Commission, DG ECFIN
EU 5: Official of the European Commission, DG ECFIN
EU 6: Official of the European Commission, DG ECFIN
EU 7: Official of the European Commission, Cabinet of Andor
EU 8: Official of the European Commission, Cabinet of Rehn
EU 9: Official of the European Commission