



## LAO PEOPLE'S DEMOCRATIC REPUBLIC

**Decree No. 24/PR of the President of the Republic, dated 21 April 1994 promulgating Act No. 002/NA of 14 March 1994 concerning labour.**

*(Printed separately, 20 pp.)*

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### CHAPTER I. GENERAL PROVISIONS

**Section 1. Purpose.** The purpose of this Act is to regulate employment relationships, to make the best use of workers' abilities to ensure national social and economic development, to enhance the efficiency and productivity of society and to improve workers' living conditions.

**Section 2. Principle of mutual interest of employers and workers.** The Government shall ensure that employers and workers derive mutual benefits from their relationships without discrimination on the basis of race, colour, sex, religion, political opinion or social status. Workers shall respect and observe work rules and comply with all labour regulations. Employers shall provide workers with fair wages, safe working conditions and social protection. In this Act, "worker" means a person who works under the supervision of the employer in exchange for a salary or wage and benefits provided for by law and regulations and under the employment contract; "employer" means any individual or corporate body who employs workers and

must pay them a salary or wage, advantages and other benefits provided for by law and regulations and under contracts of employment.

**Section 3.** *Right to organize and to belong to mass and social organizations.* Workers and employers shall have the right to organize and belong to any mass and social organization that has been formed lawfully.

Such mass and social organizations shall have the right to adopt their rules, to elect their representatives, to organize their administration, to carry out their activities independently, and to belong to any labour federation or confederation within the country.

Procedures for the establishment, functions and activities of these organizations shall be determined by regulation.

**Section 4.** *Prohibition of forced labour.* Employers shall not use forced labour.

"Forced labour" means labour imposed on the workers concerned in the absence of their free will. The expression "forced labour" shall not apply to the following:

- - the use of labour provided for under law or regulations for the purpose of national defence;
- - the use of labour in emergency situations such as a war, a fire, a natural disaster or an epidemic;
- - any work performed in accordance with a court sentence, under the supervision of government officials, although such convicted workers shall not be employed for the personal interests of any individual employer, corporate body or work unit;
- - any work performed in accordance with a resolution adopted by local authorities, organizations or associations of which the workers concerned are members, where such work constitutes an obligation of all citizens in the common interests of the nation.

The mobilization of labour in the above circumstances may be undertaken only by the Government, and no person, corporate body or labour unit may force a worker, either directly or indirectly, to work for them or for any group of persons.

**Section 5.** *Scope of application.* This Act applies to all workers and employers who carry on activities in any economic sector of the Lao People's Democratic Republic, hereinafter referred to as "labour units".

This Act shall not apply to civil servants employed in state administrative and technical services, national defence and public order.

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## CHAPTER II. LABOUR MANAGEMENT RULES

**Section 6.** *Employment of workers.* An employer shall have the right to employ workers to respond to the needs of a labour unit under its authority, but priority shall be given to Lao citizens. An employment contract shall be concluded in writing between the employer and each worker, on the basis of the principle of equality, and must be approved by both parties thereto without contravention of any state regulations.

**Section 7.** *Employment of foreign workers.* Any labour unit in economic sectors may employ foreign workers when necessary, if no appropriately qualified workers are available in the Lao People's Democratic Republic. The employment of foreign workers shall be limited in number and in duration, and a detailed scheme shall be established for the transfer of skills to Lao workers to replace such foreign workers once the duration of their employment contract has been completed.

The introduction of short- and long-term foreign workers shall be authorized by the labour administration prior to their entry into the Lao People's Democratic Republic, except in cases where workers are imported by international and foreign aid projects to which special regulations shall apply.

The Government shall not authorize foreign workers to engage in or to exercise activities which are considered necessary to be reserved for Lao citizens. The list of these activities shall be established by regulation.

**Section 8.** *Upgrading of workers' qualifications.* All employers must ensure that workers under their authority are trained and acquire qualifications and expertise to enable them to gradually become skilled and specialized workers.

All labour units in socio-economic sectors shall establish a scheme and set aside an annual budget sufficient to cover expenses for short-, medium- and long-term training and retraining of Lao workers working for them both within the Lao People's Democratic Republic and abroad.

**Section 9.** *Economic, technical and social protection of workers.* Employers shall be directly responsible for the economic, technical and social protection of the workers in any labour unit under their control.

An employer may delegate its managerial powers to any person to discharge this obligation on its behalf.

Labour protection at the workplace shall be provided for under internal work rules.

**Section 10.** *State labour protection.* The labour administration shall have the following duties:

- - the protection, inspection and supervision of the correct use of manpower;
- - the regulation of labour protection and employment;
- - the issuance of directives and supervision of the application of such regulations;
- - the provision of vocational training and skill development;
- - studies and coordination of searches for employment.

Provisions for the organization and activities of the labour administration shall be made by regulation.

Employers shall be required to observe all provisions of labour protection regulations that are promulgated by the labour administration concerning in particular the regulation of employment recruitment, the registration of workers, labour statistics and other matters.

**Section 11.** *Role of trade unions and workers' representatives.* A trade union should be established in all labour units in accordance with specific regulations of the sectors concerned. Where there is no trade union, workers' representation shall be established.

Trade unions or workers' representatives shall be responsible within their labour unit for promoting solidarity, training and mobilization of workers with regard to labour discipline; work performance according to production plans established by the labour unit; presentation of any claims regarding compliance with labour regulations and contracts of employment by the employer; participation in the settlement of labour disputes; and negotiations with the employer on matters relating to salaries, hours of work, rest periods, working conditions, and the social security system provided for under laws and regulations.

The employer shall provide trade unions or workers' representatives with facilities and appropriate premises for at least one hour per month during working hours to enable them to carry out their activities.

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## CHAPTER III. CONCLUSION AND TERMINATION OF EMPLOYMENT CONTRACT

**Section 12.** *Employment contract.* An employment contract is an agreement concluded between a worker and an employer or their representatives. An employment contract must be concluded in writing. Every employer shall respect employment contracts, and workers shall be required to fully perform their duties, according to their specialization and experience. The employer shall provide the workers with work or functions that are stipulated in the employment contract, pay them salaries or wages, and provide them with fair benefits and any other bonuses in accordance with the statutory provisions in force or with the employment contract signed by both parties.

Reference must be made in the employment contract to the workplace, the work to be performed, remuneration level and any other benefits to be provided for by the employer. The conclusion of an employment contract implies an agreement to employ a worker.

**Section 13.** *Form and duration of employment contracts.* An employment contract must be concluded in writing. However, in some cases an employment contract may be verbal, depending on employment conditions and the nature of the work, such as work on a temporary or daily basis, or employment involving only a small amount of work.

An employment contract may be concluded either for a fixed term or for an indefinite period. The duration of a fixed-term employment contract shall depend on the agreement between the employer and the worker concerned.

**Section 14.** *Probationary recruitment.* An employer shall have the right to engage workers on a probationary basis in order to ascertain their ability to perform their duties.

The duration of the probationary period shall be determined according to the nature of the work, as follows:

- - in respect of work requiring neither experience nor specialized skills, such as manual work, the probationary period shall not exceed 30 days;
- - in respect of work requiring specialized skills, the probationary period shall not exceed 60 days.

Where during such probationary period a worker is absent from work as a result of sickness or any other compelling reason, the duration of such absence shall not be counted as part of the probationary period. Where the worker continues to lack the necessary skill for the work, the employer may extend the probationary period or may not engage the worker concerned. However, the extension shall not exceed 30 days.

During the probationary period, each party shall have the right to terminate the probation at any time, but must give the other party at least three days' advance notice for non-skilled work and five days' notice for skilled work. In such a case workers shall have the right to receive salaries or wages and other benefits provided for by legislation, calculated from the beginning of the probation to the date of its termination.

Seven days before the end of the probationary period, the employer shall inform workers in writing whether or not their employment will be confirmed. Throughout the probationary period, workers shall be paid at least 90 per cent of the applicable salary or wage.

**Section 15.** *Termination of employment contract.* An employment contract concluded for a fixed term or for an indefinite period may be terminated by agreement between the two parties.

An employment contract concluded for an indefinite period may be terminated by either party thereto, provided that the other party is given at least 45 days' notice of such termination in respect of skilled work and 15 days for work that is primarily manual.

The parties to a fixed-term employment contract shall notify each other of their respective intentions at least 15 days prior to the expiry of such contract. Where they wish to continue their employment relationship, they shall conclude a new employment contract.

An employment contract concluded for specific work may be terminated only upon the completion of such work.

An employment contract shall be terminated on the death of the worker.

**Section 16. *Termination of employment contract by dismissal.*** An employment contract may be terminated by dismissal where the worker concerned lacks the required specialized skills, where the worker is not in good health and therefore cannot continue to work, or where the employer considers it necessary to reduce the number of workers in order to improve the organization of work within the labour unit.

Where it is found that a worker lacks the required skills or is not in satisfactory health, the employer may order the worker to stop working and terminate his employment contract, provided that it gives to the worker at least 45 days' notice together with an explanation of the grounds for termination. During the period of notice, the employer shall authorize the worker to be absent from work for one working day per week in order to seek new employment, such absence being paid for as a normal working day.

However, before deciding to terminate the employment contract, the employer shall consider the possible transfer of the worker concerned to work that is appropriate to the worker's skills or health and the employment contract may be terminated only if no such work is available.

Where a labour unit considers that it is necessary to reduce the number of its workers in order to improve the organisation of its operation, the employer shall draw up a list of the names of the workers affected in consultation with the trade union or workers' representatives and inform the labour administration. At the same time, the employer shall give the dismissed workers at least 45 days' notice and an explanation as to the reasons for the reduction.

In the event of the termination of an employment contract on any of the above-mentioned grounds, the employer shall pay the workers concerned compensation according to their length of service.

Such compensation shall amount to 10 per cent of the monthly salary that was paid at the time of termination for each month of service. For workers who have worked for more than three years, the compensation shall be 15 per cent of such salary for each month of service.

For workers who are paid on a piece-rate basis or whose wages are not clearly fixed, the calculation of compensation shall be made on the basis of the average salary or wage that the workers received during the three months prior to termination.

**Section 17. *Limitation of employer's right to terminate an employment contract.*** An employer shall not terminate a worker's employment contract or force a worker to stop work where the said worker is:

- - sick and undergoing medical treatment or rehabilitation on the advice of a physician, or suffering from the effects of a disaster such as the destruction of his or her home;
- - a pregnant woman or a woman having given birth to a child within the last nine months;
- - on annual leave or on leave approved by the employer;

- - still on assignment to another workplace, at the request of the employer;
- - a claimant or a complainant against the employer, cooperating with government officials in the application of labour legislation, or participating in a labour dispute within his or her labour unit;
- - a worker who carries out trade union, workers' representative or other social organization activities with the approval of the employer or outside of working hours;
- - a candidate for election to a position as a trade union or workers' representative.

This section shall not apply to workers who commit any fault mentioned under section 19 below.

**Section 18.** *Special rights of workers during the notice period.* Where workers to whom notice of termination has been served sustain an occupational injury or are sick and cannot come to work, the period of treatment for such injury or sickness shall not be counted as part of the period of notice. During the notice period, the workers shall work and receive the same salary or wages as they did before notice was given.

**Section 19.** *Termination of employment contract due to the fault of the worker.* An employer shall have the right to terminate an employment contract without paying compensation, subject to providing at least three days' notice, where the worker concerned:

- - behaves dishonestly or deliberately causes serious damage to the employer's property where there is sufficient proof of such misconduct;
- - violates labour regulations despite previous warnings from the employer;
- - is absent from work for four consecutive days without a valid reason;
- - is sentenced by a court to imprisonment.

**Section 20.** *Unlawful termination of employment contract.* An employer shall pay compensation to workers who cease work or to their beneficiaries where:

- - the employer terminates their employment contract without a valid reason or directly or indirectly forces them to terminate their employment contract;
- - the employer acts in breach of its obligations under the employment contract despite previous reminders by the worker.

In addition to the above compensation, workers shall have the right to claim from their employer such damages as they may be entitled to on account of their unfair dismissal and any legitimate interests.

Workers whose employment contracts are unlawfully terminated shall also have the right to request reinstatement to their former post or to be assigned to other appropriate work.

Compensation to workers whose employment contract is terminated in the above-mentioned circumstances shall be 15 per cent of the monthly salary received at the time of termination for each month of service. For workers who have worked for more than three years, compensation shall be 20 per cent of such salary for each month of service.

**Section 21.** *Temporary transfer of workers.* An employer may transfer or move workers to other duties in the same labour unit for a period not exceeding three months, provided that such transfer is effected as a result of a temporary cessation of activity, for disciplinary reasons, as a means of preventing possible damage to its activities, or as a means of protection against a natural disaster. Where the period of transfer exceeds three months, the employer and workers concerned shall reconsider together the continuation of their employment contract.

Where, during a period of temporary transfer, workers are assigned to a higher post and are able to perform

the duties involved in accordance with the required standards, the said workers shall be paid the salary or wage corresponding to their new post. On the other hand, where the salary or wage corresponding to the new post is lower than that which they used to earn, the workers shall continue to be paid their former salary or wage. On resuming their former duties, workers shall be paid the salary or wage corresponding to their former duties.

Workers transferred for disciplinary reasons to a new post having a lower salary or wage level than their former post shall be remunerated on the basis of the salary or wage level of the new post.

Where there is a transfer of workers to other duties as referred to above for whatever reasons or in whatever circumstances, the nature of these duties shall not be different or must be very similar to those of the previous position.

**Section 22.** *Measures concerning termination of employment contract by the employer.* An employer shall have the right to terminate an employment contract where prior warning has been given for misconduct and such misconduct continues. However, before terminating an employment contract for any reason, the employer shall notify the labour administration in the jurisdiction where it exercises its activities of the reason at least five days prior to termination of the employment contract.

Unilateral termination of an employment contract or dismissal of a worker is prohibited unless the opinion of the labour administration has been requested and the trade union or the workers' representatives in the labour unit concerned has been notified.

If no reply has been received from the said bodies within 15 days of the notification, the employment contract may be terminated.

The employer shall notify the workers concerned in writing about the termination of the employment contract in every such case, giving the reason for termination, and shall pay them the salaries they may have earned prior to termination and all other benefits prescribed by law and regulation.

**Section 23.** *Responsibilities of new employers.* Where workers terminate their employment contract in breach of the latter and apply for a new job, their new employer shall be responsible for any resulting damage to their former employer, if:

- - there is evidence that the new employer was involved in the termination of the employment contract by the workers;
- - the new employer hired the workers knowing that they were still bound by an employment contract with another employer.

Where the new employer discovers that it hired workers in breach of an employment contract with another employer, but did so immediately prior to expiry of such contract, the new employer shall bear no responsibility.

**Section 24.** *Issue of work certificates.* An employer shall issue a work certificate to workers leaving its service within seven days of the workers' cessation of work. The said certificate shall only specify the dates of commencement and cessation of service and the post they occupied before leaving the employer's service.

**Section 25. Hours of work.** The hours of work in a labour unit shall be six days per week, but not exceeding eight hours per day or 48 hours per week, irrespective of the form of salary or wage paid.

Hours of work must not exceed six hours per day or 36 hours per week in respect of workers whose occupation involves:

- - direct exposure to radiation or to contagious disease;
- - direct exposure to gas or smoke having an adverse effect on health;
- - direct exposure to dangerous chemicals, in particular to explosives;
- - work in pits, or in underground tunnels, underwater or at heights;
- - work in an abnormally hot or cold environment;
- - direct use of constantly vibrating machinery.

**Section 26. Time counted as hours of work.** In the calculation of daily hours of work, account shall be taken of:

- - time spent on preparatory technical operations at the start and end of work;
- - hourly breaks not exceeding 15 minutes, in certain sectors in which work is divided into periods or which operate on the basis of shifts;
- - a 45-minute meal break per shift in respect of shiftworkers.

The employer shall establish a reasonable production schedule so as to enable workers to rest at least five to ten minutes after having worked for two hours. Should a necessity arise for any technical or mechanical reasons, work by rotation must be organized so that workers can rest appropriately.

**Section 27. Overtime.** An employer may request workers to work overtime if necessary, subject to the prior consent of the trade union or workers' representatives and of the workers concerned.

Overtime shall not exceed 30 hours per month, except in exceptional situations such as a natural disaster or an unexpected event of a kind that would cause great damage to the labour unit. Each period of overtime shall not exceed three hours. Continuous daily overtime is prohibited.

Where overtime is necessary, the employer shall first consult the trade union or workers' representatives and notify workers in the labour unit concerned giving them an explanation for the necessity of requiring overtime work, and shall fully pay them fair compensation for overtime as provided for under section 42 of this Act.

Where overtime is required for more than 30 hours in one month, the employer must request prior authorization from the relevant labour administration, while giving proof in writing that the trade union or workers' representative is in agreement.

**Section 28. Weekly rest and public holidays.** Workers shall have the right to one full day of weekly rest, which may be Sunday or any other day agreed upon between the workers and their employer. Public holidays shall be established by the Government.

**Section 29. Sick leave.** Upon presentation of a medical certificate, workers remunerated on a monthly basis shall be entitled to sick leave with full pay for up to 30 days per year. This provision shall apply to workers remunerated on the basis of hourly or daily wages or on a piece-rate basis or by contract only if they have worked for more than 90 days.

Where the period of sick leave exceeds 30 days, workers concerned shall receive compensation under the social security system.

The provisions of this section do not apply to occupational injuries and diseases, which are governed by section 53 of this Act.

**Section 30.** *Annual leave.* Workers employed under an employment contract concluded for an indefinite period or for a period exceeding one year who have worked for one full year shall be entitled to 15 days of annual leave. Workers performing arduous work or work which is damaging to their health, as specified in section 25 of this Act, shall be entitled to 18 days of annual leave with full pay.

Weekly rest days and official holidays shall not be counted in annual leave.

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## CHAPTER V. RULES OF WORK

**Section 31.** *Content of rules of work.* Workers shall observe rules of work. Rules of work shall consist of the rights and duties of workers as specified under laws and regulations, the internal work rules of the labour unit and the employment contract signed between workers and their employer.

To be legally enforceable, the internal work rules of any labour unit shall be established in conformity with the labour law and regulations of the Lao People's Democratic Republic and approved beforehand by the labour administration.

The internal work rules of a labour unit shall be made known to all workers and posted openly so that everybody may be informed.

**Section 32.** *Penalties for breach of work rules.* Workers who breach work rules and to whom warning has been served without any positive change, may be transferred temporarily to work at another workplace or forced to resign, as provided for under sections 19 and 21 of this Act. Where workers intentionally cause damage to the property of a labour unit, they shall be required to provide compensation for such damage.

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## CHAPTER VI. EMPLOYMENT OF WOMEN AND YOUNG PERSONS

**Section 33.** *Work prohibited in respect of women.* An employer shall not employ women to perform heavy work dangerous to their health as specified by regulation nor to work during the night in all industrial sectors from 10 p.m. to 5 a.m. the next morning. The rest period for women shall be at least 11 hours before resuming work on the next day.

**Section 34.** *Prohibition of employment of women during pregnancy and child care.* An employer shall not employ a woman during her pregnancy or during the six months following her confinement to perform any of the following duties:

- - lifting or carrying heavy loads;
- - work which entails standing continuously for long periods.

In such circumstances the employer shall assign women to other temporary duties. While performing these temporary duties, the workers concerned shall continue to receive their normal salary or wage for a maximum period of three months, after which they shall be paid the salary or wage corresponding to their new assignment.

An employer shall not employ pregnant women or women with a child under 12 months of age to work overtime, or on a day of weekly rest or at night.

**Section 35. *Maternity leave before or after confinement.*** Before and after confinement, women workers shall be entitled to at least 90 days' maternity leave with their normal pay from their employers or from the social security fund, if contributions have been fully paid to this fund. Such period of 90-day maternity leave shall include post-maternity leave of at least 42 days.

In the event of illness resulting from confinement which is certified by a physician, the workers concerned shall be allowed to take a supplementary leave of at least 30 days at 50 per cent of their normal pay.

During the 12-month period following confinement, women workers shall have the right to a daily break of one hour to nurse or take care of their child if they place their child in a nursery or bring the child to the workplace.

In the event of miscarriage, entitlement to leave shall be determined on the advice of a physician.

**Section 36. *Maternity benefit.*** Women workers shall, on giving birth to a child, be entitled to a benefit equivalent to at least 60 per cent of the minimum wage established by the Government, to be paid by the employer or by the social security fund, if contributions have been fully paid. Where they give birth to two or more children at the same time, the said benefit shall be increased by 50 per cent. This benefit shall also be due in the event of miscarriage, subject to the presentation of a medical certificate.

**Section 37. *Employment of persons under 18 years of age.*** An employer may employ young workers between 15 and 18 years of age provided that they do not work for more than six hours per day or 36 hours per week. The young workers shall not be employed to perform arduous work or work which is damaging to their health, including:

- - all mining and quarrying work;
- - work involving chemicals or explosives and poisonous substances;
- - work involving the handling of human corpses;
- - other work specified under section 25 of this Act;

- work at night in all branches of industry from 10 p.m to 5 a.m. the next morning; this period shall be included in the 11 hours of rest before resuming work on the next day.

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## **CHAPTER VII. SALARIES OR WAGES**

**Section 38. *Salary or wage.*** A salary or wage is remuneration in the form of money that the employer must pay to his workers. Workers' salaries or wages may be paid at the beginning or at the end of each month, before or after the completion of their work.

**Section 39. *Right to equal remuneration.*** Except for foreign workers employed under a specific employment contract, all workers shall be entitled to receive equal salaries or wages for work of equal quantity, quality, and value, without any discrimination as to sex, age, nationality or ethnic origin.

**Section 40. *Determination of the level of remuneration.*** Each employer shall have the right to determine the level of remuneration of its workers, taking into account:

- - the material and spiritual needs of workers;
- - the cost of living and any periodic changes therein;
- - social welfare and social security benefits for workers;
- - the evaluation of the skills and abilities level of the various social groups or the level of the payment of wage or salary in other labour units.

The wage or salary should be in conformity with the value of work or duties.

Wage or salary systems should be established in several forms and easily understood.

Workers or trade unions or workers' representatives shall also have the right to negotiate with the employer in respect of salary or wage levels.

The Government or body concerned shall periodically establish minimum salaries or wages for each region. Employers shall not establish a minimum salary or wage level lower than the level periodically fixed by the Government for each region.

The periodic fixation of the minimum salary or wage level in all labour units shall be subject to the Government's supervision and control.

**Section 41. *Form of salaries or wages payment.*** Where the Government or body concerned has established the minimum salary or wage levels, the employer should pay to workers salaries or wages based on time worked: hourly, daily, monthly or on a lump-sum basis. In all cases, payment of salaries or remuneration including benefits and bonuses shall be recorded in an account book to be signed by each worker.

Workers shall have the right to ask their employer for clarification of the calculation of their salaries or wages where it is necessary to verify conformity with the employment contract agreed upon.

Where the Government or body concerned has not established the minimum salary or wage level for a specific region, or where the employer allowed workers to bring and do supplementary work outside their labour unit, at their home or elsewhere, wages may be paid on the basis of productivity or on a lump-sum basis.

Salaries or wages of workers shall be paid on time and fully in cash directly to each worker, except where it is otherwise prescribed by government regulations or by a specific agreement between workers and employer.

In addition to salaries or wages, the employer may pay bonuses, allowances or other benefits as an incentive to its workers.

Payment to workers in the form of narcotics, drugs or substances dangerous for health as a substitute for salaries or wages and other benefits shall be prohibited.

**Section 42. *Calculation of overtime.*** Where an employer requires workers to work overtime, on a day of weekly rest or on an official holiday, with the agreement of trade unions or workers' representatives and of the workers concerned, overtime shall be paid for as follows:

- - overtime worked in the daytime on a regular working day shall be paid for on the basis of 150 per cent of normal hourly remuneration for each hour thus worked;
- - overtime worked at night on a regular working day shall be paid for on the basis of 200 per cent of normal hourly remuneration for each hour thus worked;
- - overtime worked on a day of weekly rest or on an official holiday shall be paid for on the basis of

250 per cent of normal hourly remuneration for each hour thus worked in the daytime, and 300 per cent for each hour of night work.

A worker assigned to work on night shift between 10 p.m. and 5 a.m. shall be paid at least 15 per cent more for each hour thus worked.

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## CHAPTER VIII. SALARY AND WAGE GUARANTEE

**Section 43.** *Schedule for payment of salary or wage.* Salaries or wages shall be paid to workers at least once a month at a fixed time, except for benefits or bonuses which shall be provided separately.

In respect of wages paid on a piece-rate basis, or in respect of hourly work, workers shall be paid at least twice a month or at an interval of at most 16 days.

Where workers face difficulties or emergency events such as childbirth, sickness, or accidents, and ask for advance salary or wages, the employer should, as necessary, give consideration to payment of their salary or wages before the pay-day.

The employer shall only pay salaries or wages to workers on working days, at the workplace or close to the workplace.

**Section 44.** *Payment of salary or wage in the event of temporary work stoppages.* Where a labour unit is ordered to postpone its production and business activities or to stop producing, due to the employer's fault, the employer shall pay workers compensation in an amount of not less than 50 per cent of the minimum salary or wages applicable to each labour unit, for the period of such temporary suspension of production and business activities.

Once the production and business activities resume normally, salaries or wages shall be paid as usual.

**Section 45.** *Preferential payment of salaries or wages.* Where a labour unit is closed down, goes bankrupt or is under a court order for total confiscation of its property, its workers shall have the right to receive their salaries or wages, including any bonuses and benefits, on a preferential basis, before other debts are settled with remaining assets.

**Section 46.** *Deductions from salary or wage to compensate for damage.* Deductions from a worker's salary or wage to compensate for damage to the property of a labour unit shall be made according to the value of actual damage.

Where workers have no other property with which to compensate for damage, deductions may be made from their salary or wage.

The total amount of deductions, including income tax, contributions to the social security fund and other debts, shall not exceed 20 per cent of the salary or wage paid to them at any given time.

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## CHAPTER IX. INCOME TAX AND SOCIAL SECURITY

**Section 47.** *Deduction of income tax from salary or wage.* All workers employed in the Lao People's

Democratic Republic, including Lao workers assigned to work overseas, shall be subject to income tax in conformity with income tax regulations. Each employer or managerial body shall diligently deduct income tax from its workers' salaries or remuneration for payment to the national budget.

Foreign workers who work in various labour units in the Lao People's Democratic Republic shall also pay income tax to the Government in accordance with specific regulations.

**Section 48.** *Social security fund.* Each labour unit in the socio-economic sectors shall establish a social security fund or pay contributions to a compensation fund to ensure the living standard of its workers in accordance with the social security system.

Workers and employers shall contribute to the social security fund in accordance with regulations adopted by the Government.

Where the employer has paid contributions to the compensation fund and the social security fund, these funds shall be entirely responsible for providing social security coverage to workers.

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## CHAPTER X. LABOUR PROTECTION

**Section 49.** *Guarantees of safety and working conditions.* The employer shall be responsible for ensuring that the workplace, machines, materials and the various stages of production, including the use of chemicals under its supervision, are safe and not dangerous to the workers' health.

The employer shall be responsible for drawing up work rules concerning labour and health protection, including the implementation of such measures as may be required to ensure protection in the use of machinery, and the installation of various safety equipment, in consultation with trade unions or workers' representatives in its labour unit. Workers shall be informed about these rules, which shall be visibly posted in an open place where they can be read by all those concerned.

Necessary measures to ensure safety and sanitation at the workplace shall include:

- - appropriate lighting by means of an electrical installation or natural light, limitation of excessive noise, ventilation designed to expel dust and odours which are dangerous to health;
- - a supply of drinking-water and washing water, showers, toilets, a cafeteria, and a changing room for workers;
- - a storage room where toxic substances can be kept safely without risk of leakage;
- - the provision, free of charge, of such personal protective equipment and clothing as may be required by workers engaged in the production process;
- - the installation of protective equipment or fencing around any dangerous machinery or at other places posing a risk, and other necessary measures, such as fire-alarms or protective equipment against electric shocks.

The employer shall furthermore ensure that workers acquire sufficient knowledge of the rules governing their own safety and health protection and should organize training courses in this respect. All measures related to workers' safety and health protection in each labour unit shall be free of charge to workers.

Each worker shall diligently and scrupulously observe such measures for their own and other colleagues' safety and health, and must cooperate with the employer in its implementation of compulsory measures designed to protect the workers' safety and health.

The employer shall not use narcotics or substances dangerous to the health of workers.

**Section 50.** *Medical examination and health care for workers.* Any labour unit may require from employment applicants a medical certificate establishing that they do not suffer from an occupational disease. Where an applicant has an occupational disease, the employer may reject his application for employment.

An employer shall request his workers to undergo a medical examination at least once a year, particularly those engaged in arduous work or work which is damaging to their health, within the meaning of section 25 of this Act. Where it is established that workers have contracted an occupational disease at a specific workplace, their employer shall be responsible for their medical treatment in accordance with the regulations in force. Workers who have contracted a contagious occupational disease shall be entitled to sick leave and treatment until such time as they fully recover their health, and they then shall be restated to their usual post. All expenses for medical examination and treatment of occupational disease shall be charged to the employer.

All labour units shall be equipped with a first-aid kit. Units employing 50 or more workers should arrange for medical staff to attend to the health of their workers.

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## CHAPTER XI. OCCUPATIONAL INJURY

**Section 51.** *Occupational injury.* An occupational injury means an accident which results in injury, disability or handicap to a worker or in their consequent death and which occurs:

- - during the performance of occupational duties at the workplace or at any other place in accordance with the instructions of the employer or the person in charge of labour management on its behalf;
- - in a recreational area, cafeteria, or any other place under the responsibility of the labour unit.

Any form of occupational disease shall be regarded as an occupational injury.

The labour administration shall cooperate with the health administration and trade unions in establishing the types of occupational diseases.

Injuries sustained by workers during work performed for personal purposes without instructions from their employer or its representative shall not be considered an occupational injury.

**Section 52.** *Assistance to victims of an occupational injury.* The employer shall provide a worker who sustains an occupational injury with immediate and appropriate assistance. Moreover, the employer or the social security fund shall bear all actual costs of medical treatment as established by a medical certificate such as:

- - the cost of treatment in a hospital or outside a hospital including the cost of examination and surgical operation;
- - the expenses for hospitalization or stay at any other care establishment;
- - the cost of any care given by a physician or assistant physician or professional practitioner including the cost of traditional medicine.

Where workers die as a result of an occupational injury, their employer shall be responsible for paying funeral expenses amounting to at least six months' salary or wages of the deceased. In addition, the

beneficiaries of the deceased shall have the right to receive lump-sum benefits.

Where workers die while on assignment by the employer to another workplace, the cost of transporting their body or remains to their family shall also be paid by the employer.

**Section 53.** *Compensation to victims of occupational injury or disease.* Compensation for workers who sustain an occupational injury or contract an occupational disease shall be as follows.

Throughout the period of medical treatment and rehabilitation prescribed by a physician, victims of an occupational injury shall be entitled to receive their regular salary or wage for up to six months. Where the said period exceeds six months they shall be entitled to receive only 50 per cent of their salary or wage for each month thereafter, up to 18 months. After 18 months, benefits under the social security system shall be granted.

Where workers are disabled or suffer from any organ amputation as a result of an occupational injury, or where workers are disabled because of an occupational disease or die as a result thereof, the employer shall pay compensation to the victim or to their heirs in accordance with the regulations in force.

Where the employer has paid contributions to a compensation fund or a social security fund as provided for under section 48 of this Act or has secured insurance coverage for its workers from an insurance company, all the above allowances shall be under the responsibility of such compensation fund or insurance company in accordance with the applicable regulations.

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## CHAPTER XII. PENSION SCHEME AND COMPENSATION SYSTEM

**Section 54.** *Retirement pension.* Persons employed in a labour unit operating in socio-economic sectors shall have the right to retire on a pension provided that they have:

- - reached the age of 60 years for men, or 55 years for women;
- - completed 25 years of service. For workers having worked in hazardous employment for over five years in succession prior to retirement, the service period required to obtain a pension shall be 20 years, and the retirement age 55 years for men and 50 years for women;
- - paid social security contributions for a period of 25 years. For workers having worked in hazardous employment for more than five years in succession prior to retirement, the contributions period shall be reduced to 20 years.

Any worker who fails to satisfy the requirements set out above shall receive lump-sum compensation. The establishment of the pension and lump sum allowance system shall be considered and proposed by the labour administration.

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## CHAPTER XIII. SETTLEMENT OF LABOUR DISPUTES

**Section 55.** *Types of labour disputes.* Labour disputes are divided into two types as follows:

- - disputes concerning the implementation of the provisions of labour law, labour regulations, employment contracts, labour unit work rules and other regulations, which are called "disputes over rights" or legal disputes; and

- - disputes related to claims to the employer for new benefits or rights, which are called "disputes over interests".

**Section 56.** *Settlement of labour disputes over rights.* Where a worker, or trade union or workers' representative claims that an employer has acted in a way which is considered not to be in conformity with labour law, regulations, the employment contract, labour unit work rules or any other labour rule, the employer or its delegate shall urgently consider resolving the claim directly with the claimant. During this discussion the worker concerned may require assistance from a trade union or workers' representative.

Where both parties reach an agreement on all or part of the demands, a record shall be drawn up and signed by the parties and by witnesses to the agreement, and notification of such an arrangement shall be given to the labour administration and trade union or workers' representative within five days from the date of signature by the parties.

**Section 57.** *Responsibilities of the labour administration in the settlement of labour disputes over rights.* Fifteen days after submission of a claim to the employer, if no arrangement could be reached or if an arrangement reached has not been implemented, the worker shall be entitled to submit the dispute to the labour administration for conciliation.

Where the labour administration fails to resolve or can resolve only part of the dispute within 15 days, the case may be submitted to the people's court for consideration and decision.

**Section 58.** *Settlement of labour disputes over interests.* The procedures established under sections 56 and 57 above for the settlement of labour dispute over rights shall also apply to labour disputes over interests.

Where the labour administration fails to settle the interest dispute within ten days, such dispute shall be submitted to the Labour Dispute Arbitration Committee for final decision.

This Labour Dispute Arbitration Committee shall be established, comprised of representatives of the labour administration, trade unions, employers and other concerned parties.

**Section 59.** *Prohibition of work stoppage.* Workers, employers or their respective representatives shall not declare a work stoppage:

- - in the event of a dispute concerning the implementation of labour law and regulations, contracts of employment and labour unit work rules;
- - where both parties have agreed to negotiate for a settlement;
- - during the process of the settlement of unresolved matters between workers and employers before the special committee set up in accordance with section 58 above;
- - during a labour dispute settlement procedure before the People's Court.

Any person or organisation that is involved in a work stoppage or directly, indirectly, verbally or materially incites workers, employers or their respective representatives to stop work, thus causing damage to the workers or employers or social disorder, shall be punished in accordance with the legislation in force.

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## CHAPTER XIV. SANCTIONS

**Section 60.** *Contravention of the Labour Act.* Any person or corporation that contravenes the provisions of this Act shall be punished in accordance with the law.

## CHAPTER XV. FINAL PROVISIONS

**Section 61.** This amended Labour Act repeals and replaces Labour Act No. 10/90 dated 29 November 1990.

This Act shall come into force 60 days after its promulgation.

**Section 62.** *Implementation of the Labour Act.* The labour administration shall have the duty and be responsible for issuing regulations regarding the implementation, dissemination, direction, inspection and supervision of the application of this Act.



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