



Industrial relations and social dialogue
**Denmark: Institutions, policies and
practices for enforcing minimum
wage compliance**

*Minimum wages: Non-compliance and
enforcement across EU Member States
Comparative report*

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1. Legal framework and minimum wage enforcement institutions

Regulation of minimum wage enforcement

LEGAL/REGULATORY FRAMEWORK	No statutory minimum wage. Wages are regulated through collective agreements. There are two exceptions in which a minimum wage is set indirectly by legislation and the enforcement is not handled in the dispute resolution system: Apprentices under the Vocational Training Act and drivers under the Freight Transport Act.
SPECIFIC REGULATIONS	The Register of Foreign Service Providers is used to monitor that foreign companies working in Denmark comply with the Danish rules (on e.g., working environment, tax, and collective agreements). Collective agreements for the construction sector provide special procedures against social dumping to guarantee the application of minimum wage provisions in case of posted workers.
DISPUTE RESOLUTION MECHANISMS	Workers' access to dispute resolution mechanisms is regulated by collective agreements. Disputes are addressed by an alternative out-of-court conflict resolution system and – if no agreement is reached – by the labour court.

Enforcement institutions and coordination system in place

ENFORCEMENT INSTITUTIONS	Social partners are responsible for ensuring that the terms of collective agreements are observed. Disagreements must be resolved in the alternative out-of-court dispute resolution system. The Labour Court is the only public institution concerned with minimum wage enforcement, but only upon specific request or notifications and only for collective disputes. Individual disputes can be regulated by the civil court.
INTERNAL ORGANISATION	President and vice-president of the Labour Court are judges from the Supreme Court, other members are chairmen from trade unions, employers' organisations or public authorities. The Labour Court depends on the Ministry of Employment.
COORDINATION	N/A
MONITORING AND DATA COLLECTION SYSTEM	No such system is in place.

Resources and capacity of control/enforcement institutions in charge of MW compliance

FINANCIAL RESOURCES	Labour court: overall allocation 8.8 million DKK; funded by the Ministry of Employment. Financial allocations increased over last decade and considered very adequate
HUMAN RESOURCES	Labour court: 57 members and a secretariat. No staff member deals solely with minimum wage enforcement.

Human resources remained stable over last decade and considered very adequate

2. Enforcement measures

BALANCE BETWEEN DETERRENCE AND PREVENTIVE MEASURES	<p>More deterrence measures than preventive measures.</p> <p>The system is perceived to be highly effective by social partners and the Government.</p>
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Deterrence measures

TYPE OF MEASURE AND CHANGE IN USE IN THE LAST DECADE	<p>Routine inspections, spot checks, inspections upon request, peer-to-peer surveillance, supply chain responsibility: stable in the last decade, carried out by trade unions.</p> <p>Targeted inspections: special procedures for the construction sector.</p> <p>Sanctions: imposed by the Labour Court.</p>
INSPECTIONS AND VIOLATIONS	<p>Data on the number of inspections is not available. The number of inspections has increased in sectors such as the construction sector.</p> <p>Overall, inspections are perceived to be effective and adequate.</p>
SANCTIONS	<p>The Labour Court can impose penalties which vary in size depending on the cases. The employer can be ordered to pay both a fine and the underpaid amount to the complainant trade union.</p> <p>Number of sanctions remained stable; perceived to be effective.</p> <p>Statistics not available.</p>

Persuasion/preventive measures

TYPE OF MEASURE, INSTITUTION IN CHARGE, CHANGE IN THE LAST DECADE	<p>Measures adopted: advice, counselling and training offered to employers and workers.</p> <p>Stable over the last decade.</p>
ROLE OF DIGITAL TOOLS	No relevant role of digital tools.

3. Role of social partners and other stakeholders

Social partners

ROLE + FOCUS ON SPECIFIC SECTORS/TERRITORIES/WORKERS	<p>It is the trade union relevant to the agreement that must step in if an employer does not comply with the minimum wage requirement.</p> <p>Trade unions play a significant role also in organising posted workers and migrant workers and informing them of their rights.</p>
CHANGE IN LAST DECADE	Increased due to changes in the labour market to face new challenges.
COORDINATION	No formal or informal cooperation besides out-of-court dispute resolution system.
STRENGTH/WEAKNESSES	<p>Disputes are managed locally by social partners and the dispute resolution process is generally fast and effective.</p> <p>Dispute resolution depends on trade unions' members; not all workplaces are equally organised.</p>

Role of other institutions/stakeholders

OTHER INSTITUTIONS/STAKEHOLDERS	<p>Since 2020, the <i>Statens Kontrolenhed for Arbejdsklausuler</i> (state control unit) monitors if private suppliers and subcontractors that perform work for the state comply with contract clauses on wages and working conditions.</p> <p>Since 2018, the <i>Copenhagen Municipality team against social dumping</i> takes unannounced visits to workplaces to ensure that there are fair wages and working conditions.</p>
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EU cooperation

EXAMPLES OF EU COOPERATION	The Platform of Undeclared Work has Danish members from Danish Working Environment Authority and the Danish Tax Agency. Cooperation does not focus on minimum wage enforcement as this issue is regulated by collective agreements and social partners are in charge of its enforcement.
CHANGE IN LAST DECADE	N/A
STRENGTH/WEAKNESSES	N/A

4. Enforcement challenges, strengths and weaknesses of the enforcement system

MAIN ENFORCEMENT CHALLENGES	Main challenge is to maintain a high union density and high level of workers covered by collective agreement, especially in sectors that fall out of the labour market structure (e.g., platform workers, posted workers, foreign workers).
STRENGTHS AND WEAKNESSES	<p>The fact that social partners are responsible for the resolution of disputes and that there is a distinct labour court, guarantees that cases are processed quickly.</p> <p>More deterrence than preventive measures.</p> <p>The system is perceived to be highly effective by social partners and the Government</p>

Source: National Eurofound Correspondent for Denmark

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