International Labour Organization

ILO brief

# Policy Brief

ILO Office for Italy and San Marino

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# Measures adopted in Italy to support workers, families and enterprises during the COVID-19 emergency[1]

## 1. Background

The policy measures adopted by the Italian government (with two emergency decrees of 2 and 17 March) to cushion the impact of the COVID-19 pandemic on the world of work aim to protect workers and support enterprises during the implementation of the temporary restrictions of mobility and disruption of economic activities for enterprises operating in non-essential sectors. They provide income compensation for temporary disruption of economic activities and support to enterprises through fiscal and other measures.

For the design of these policy measures, both the Minister of Labour and Social Policies and the Prime Minister organized a number of tripartite discussions and consultations with the social partners. In particular and in order to strengthen OSH measures in the context of the COVID19 outbreak, the social partners negotiated, with the support and mediation of the Prime Minister, a "Protocol to contain the spread of COVID-19 in the workplace". A summary of the key points of this Protocol is provided in Annex I of this note.

Most of the measures contained in this note initially applied to workers and enterprises established in the 12 municipalities that were locked down on 23 February. As of 8 March, they were extended to the entire Lombardy region and other 14 provinces and, as of 17 March, to the entire Italian territory.

Together with the recruitment of 20,000 health workers, the financial commitment to support workers and their family amounts to around Euro 33 billion (7,5 billion euro with the first and 25 billion euro with the second decree plus 400 million euro for primary needs of the most in need), while the package with fiscal and other measures to support enterprises and the economy is expected to having an impact equivalent to 350 billion euro. More funding is expected to be available through a decree that will be issued in April.

The main measures included in the said decrees are summarized in this note. They presented in a manner that can be used for the compilation of an inventory and are clustered according to the ILO's policy framework to fight COVID19 and its three pillars:

(i) protecting workers;
(ii) stimulating the economy and labour demand; and
(iii) supporting employment and incomes.

This note does not include the measures taken by the Italian regions as virtually all of them have adopted specific measures, particularly to support enterprises and the economy in the context of local development strategies that fall under their responsibility. A preliminary inventory of these measures can be found in Annex B (Policy responses by Italian Regions) of OECD's policy brief "COVID-19: SME policy responses (update 23 March).[2]

[1] Policy brief prepared by Gianni Rosas, Director of ILO Office for Italy and San Marino — update 28 March 2020 (work in progress).
[2] https://oecd.dam-broadcast.com/pm_7379_119_119680-di6h3qgi4x.pdf

# ► 2. Policies to protect workers in the workplace

- **Restriction of worker mobility and economic activities**: To protect workers and citizens from the contagion, measures for temporary limited mobility have been applied to all the territory from 11 March to 3 April with stop of economic activities that are not considered essential services (e.g. health, groceries, public security, financial services). The citizens that need to continue to work (e.g. those who work in essential public services) must fill a self-declaration form that should be handed over to the police in case of security check.
- **Work arrangements with simplified modalities for teleworking** for all activities and occupations for which this is possible (e.g. mandatory for the Public Administration, except for essential services). For the private sector, companies are encouraged to review work organization and promote telework arrangements. Simplified procedures for requests and notification of telework have been established. Telework can be granted in the absence of an agreement (usually a form signed by the employer and the employee). The notification can be done electronically using the documentation is available from the National Work Injury Institute (INAIL). This measure has brought the average number of approximately 500,000 teleworkers to around 8 million during the crisis. For the public sector, the rules and procedures for tenders for the purchase of teleworking equipment have been simplified. Several regional authorities provide funds to enterprises, particularly micro and small ones, to support teleworking arrangements, including the purchase of equipment.
- **Enhanced OSH measures** were adopted to: (i) respect social distancing and the use of appropriate personal protective equipment. An agreement by the social partners with the mediation of the Prime Minister was adopted on 14 March after 18 hours of negotiation through videoconference. This agreement contains national guidelines on the implementation of enhanced occupational health and safety measures that comply with the WHO's requirements. Based on this agreement and the decree adopted on 17 March, enterprises that cannot respect these criteria should discontinue economic activities to reorganize the work environment and benefit from the income replacement scheme (Cassa integrazione guadagni) during the interruption. If work processes cannot be aligned to the enhanced OSH measures, enterprises should disrupt their activities with income replacement guaranteed for nine weeks; (ii) consider COVID19 infection at work as an occupational accident; (iii) provide financial allocations with subsidies to enterprises for the purchase of personal protective equipment; and (iv) establish tax breaks for the purchase of sanitization equipment and material by enterprises.
- In order to **prevent discrimination and/or exclusion**, the package of measures contains provisions that freeze worker dismissal procedures (from 24 February until the end of the emergency). Enterprises can access the income replacement scheme for these workers. The expanded income replacement measures do not apply to domestic workers. For this, the social partners have requested the government to revise the provisions in order to protect and support domestic work that is identified by a decree issued this week as being part of the "essential services". Provisions to expand access to health. In order to enhance the capacity of the health services, measures have been enacted to: (i) recruit 20,000 medical doctors, nurses and other health workers, (ii) provide funding for overtime work; (iii) redeploy health workers from one region to another with daily subsistence allowance and housing services; (iv) detach health workers from the military to civilian health service; (v) waive the rules for the recognition of professional qualifications acquired abroad by health workers; (vi) expand the capacity of intensive care units of hospitals with funding for the purchase of medical equipment; and (vii) subsidize companies that produce medical devices and personal protective equipment.

- **Paid leave**. These measures include the expansion of the use of 15 days of paid parental leave (at 50 per cent) for workers with children aged less than 12. This applies to both employees and self-employed who contribute to the national social security scheme. For public employees, the said period can be extended throughout the duration of the school closure. Full paid (sick) leave is granted to workers during the imposed quarantine period, workers with disabilities and workers with immune system diseases. Government funding (up to end April 2020) is allocated for the extension of paid sick leave to workers in non-standard employment who do not contribute to the national social security scheme. Finally, paid leave up to the maximum of 12 days (instead of three days under normal circumstances) a month is granted for the period of March and April to workers who have care and family duties in respect of persons with disabilities and elderly/non autonomous members of the family.

## ► 3. Policies to stimulate the economy and labour demand

- **Suspension of tax payments, social security and welfare contributions and mandatory insurance** for March and April for the sectors most affected (e.g. hotel and tourism, transport of people, restaurants and bars, culture and sports). For these sectors, the VAT payment is suspended for the month of March. For enterprises operating in other sectors, the suspension of the period and payment of taxes and social security contributions is granted to taxpayers with a turnover of up to €2 million (VAT payments, withholdings and contributions in March).
- **Suspension of withholding tax for professionals without employees**, with revenues or fees not exceeding €400,000 in the previous tax period, on the invoices of March and April.
- **Suspension of the period relating to tax liquidation**, control, assessment, collection and litigation activities by the National Revenue Agency (until 31 May 2020).
- **Suspension of the period for the collection of tax files**, for settlement transactions, suspension in sending new tax files and executive acts.
- **Bonuses for workers** with a gross annual income of up to €40,000 who carried out their activities in the workplace in March 2020 (not in teleworking mode) are awarded a non-taxable bonus of €100 in proportion to the number of days worked.
- **Tax exemption for donations** in support of institutions (e.g. hospitals) during the COVID19 crisis for private entities, non-State actors and individuals.
- **Commercial rents**. A tax credit equal to 60 per cent of the rent due for the month of March is awarded to shop owners.
- **Suspension of mortgage repayment** (for first/ residency house) during the crisis for citizens with low- and middle annual income.

# ► 4. Policies to protect employment and income

### Employment retention and other subsidize schemes

- **Employment retention/short-time work** (*Cassa integrazione guadagni*). These measures provide income support to workers (80 per cent of the gross salary and full social security contribution) during periods of temporary or permanent disruption of production resulting from economic, industrial or financial hardship. It is normally granted to enterprises in the manufacturing and building and construction with 15 or more workers for a period that depends on the specific situation (up to 36 months). With the two emergency decrees and the measures to protect workers, families and enterprises, the income replacement scheme is extended to the entire territory (initially only to the locked down areas), to all sectors — except for domestic work- and enterprises, regardless the size of the latter. The application procedures have been simplified (online application, no prior agreement with trade unions for each establishment (but regional agreements) and direct disbursement to workers by the social security institute or through an agreement with the banking system. The government estimates a take up of around 90-95 per cent with a coverage of approximately 12.6 million workers (70% of all wage employees) and an overall cost for the public budget of over 5 billion euro[3].
- **Wage compensation fund**. Access to the fund is granted to enterprises that are not eligible for the above-mentioned employment retention scheme (i.e. enterprises that do not close the economic activity). In cases of reduction of activity or reduction of hours of work, including for working in shifts or partial and temporary turnovers, the Fund provides income replacement for the non-worked hours. The financial compensation equals 80 per cent of the hourly wage. During the COVID19 crisis, financial support for wage replacement is provided for a maximum of nine weeks.
- **Income compensation for seasonal workers, self-employed and external collaborators**. A lumpsum of Euro 600 a month (non-taxable) compensates for loss of income of the self-employed and independent workers, workers of the performing arts and seasonal workers (e.g. agricultural workers). This compensation scheme is expected to cover nearly 5 million workers
- **Last resort income** (*Fondo per il reddito di ultima istanza*) is a residual fund that supports workers who have ceased, reduced or suspended their activity or employment relationship as a consequence of the epidemiological emergency from COVID19. This fund covers all workers excluded from Euro 600 compensation, including self-employed professionals enrolled in professionals associations (e.g. lawyers, engineers).
- **Voucher for care services** (baby-sitting). As an alternative to the extra leave period (see pillar 1), employees and the self-employed can benefit of a baby-sitting voucher that ranges between Euro 600 and Euro 1,000 (this latter for health and police workers). This measure covers the period of closure of kindergarten and schools.
- **Workers in essential services**. In order to support workers engaged in essential services (e.g. health, police, groceries) a bonus of €100 is granted to these workers with an overall annual income of less than 40,000 euro.
- **Cash transfer**. A cash transfer of euro 300 through a voucher system is granted to each undeserving poor for the purchase of food and other primary items. The transfer is managed directly by the municipality: citizens can submit a self-declaration (subject to ex-post check) for immediate release of the voucher. In parallel, the same municipality stipulates agreements with grocery and other shops for the acceptance of the vouchers. This social protection emergency measure adds to the basic income (structural measure) that is granted to jobless

[3] Also, Belgium, Denmark, Portugal and the Netherlands are relaxing the requirements of short-term and employment retention schemes. See OECD *COVID-19 Employment and Social Policies 2020*, *op.cit*.

individuals. It consists of an advance of 4.3 billion euro plus 400 million euro to the municipalities through the Solidarity Fund for Municipalities that aims to ensure an equitable distribution of resources to municipalities by the State through the redistribution of tax revenues to municipalities.

## Support to liquidity of businesses

In order to avoid liquidity shortages for companies, various measures have been envisaged, also through collaboration with the banking system. These measures include:

- **Central Guarantee Fund**. Expansion of the Fund's support for the negotiation of existing loans, including Strengthening of the Central Guarantee Fund for small- and medium-enterprises, also for the renegotiation of existing loans.
- **National Investment Bank** (*Cassa Depositi e Prestiti*). Introduction of a guarantee mechanism for banks granting credit to companies. The goal is to free up around €10 billion additional investments.
- **Loans**. Moratorium on loan repayment by micro-, small- and medium-sized enterprises. The loans include mortgages, leasing and short-term loans.
- **Access to credit**. Extension to access to credit by micro enterprises through guarantee by the non-profit Italian consortium "Confidi" that is normally dedicated to SMEs. These provisions include the simplification of administrative procedures to access the credit.
- **Insurance companies**. Immediate entry into force of the "volatility adjustment" for insurance companies.
- **Savings compensation fund**. Possibility to compensate shareholders and bondholders for the losses due to bank crisis with an advance payment equal to 40 per cent of the amount of due compensation.

## ► Annex I: Summary of main provisions contained in the Social Partners' Protocol to strengthen OSH measures during the COVID-19 crisis (signed on 14 March 2020)

- **Temperature check when accessing the workplace**. Upon arrival at work, employees may have their temperature checked. If their temperature is 37.5°C or higher, access to the workplace will be denied. In such a case, the employee will have to be temporarily isolated from the other workers and be given a mask with advice to contact a medical doctor.
- **Managing employees who get sick at work**. Employees who feel ill at work, with cough or shortness of breath, will have to immediately inform their HR manager. The concerned employee will have to be isolated from other workers, while the employer informs local health authorities and receives instructions on what to do.
- **Information to workers**. Employers have to inform employees, as well as anyone else who enters the workplace, that access shall be denied to those who have had contacts with individuals (in the last 14 days) tested positive to CoVid-19 or travelled to a risk area as per indications of the WHO.
- **Privacy**. Checking an employee's temperature entails treatment of personal data. Consequently, the following guidelines must be applied:
  - identify the employee and record his/her temperature only if it is above 37.5°C, as a means to document the reason why access to the workplace is denied;
  - provide information on the treatment of personal data even verbally, by making reference to the prevention measures introduced to fight the spread of COVID-19;
  - identify who will take the temperature of employees (e.g. first aid personnel) and provide necessary instructions. It is advisable this personnel signs an agreement to ensure they keep confidential any information they receive in performing this duty;
  - in case an employee is temporarily isolated from other workers, ensure that measures are in place to safeguard the person's privacy and dignity.

Furthermore, any statement received by individuals, confirming that they have not been in contact with others who have tested positive to Covid-19 or have not travelled to infected areas, entails treatment of personal data. Therefore, this information should be collected only for the purpose of avoiding the spread of the virus.

- **Access of contractors/suppliers to the workplace**. Companies will have to plan access of external suppliers, in a way to minimize contact with workers. When possible, drivers will stay in the vehicle. When loading and unloading goods, a minimum distance of 1 metre will be kept between and among workers.
- **Personal protective measures**. When employees are required to work at less than 1 meter from one another and it is not possible to organize working activity differently, employers will have to provide concerned workers with masks and other personal protective equipment (e.g. gloves, caps, lab coats).
- **Management of common/recreational areas** (canteen, change rooms, smoking areas, vending machines). Only small groups will be allowed in these areas at any given time. Proper ventilation should be ensured together with at least 1 metre space for social distancing.
- **Workforce management** (shift work, change in production line, clock-in clock-out). In addition to the provisions of the emergency decrees, employers will be entitled to make changes to production lines, by changing shifts with the aim of minimizing personal contacts between employees. Clock-in and clock-out times should also be spread out to avoid crowds and minimize time spent in common areas.
- **Sanitizing the workplace**. Employers will have to clean the workplace on a daily basis and ensure that it is sanitized periodically. In case an employee is tested positive to Covid-19, a strict protocol must be followed when sanitizing the company's premises.
- **Collaboration between employers and works councils and OSH worker representatives**. A committee composed of the employer, enterprise works councils members and the workers' representative for OSH aspects will be set up in each company, to monitor the application of the provisions of the Protocol. Employers must also collaborate with the designated health authority when implementing safety measures.