

Chapter VI
Labour Protection

Article 42. Protective Measures for Labour and Working Conditions

Labour protection refers to the creation of conditions and environment enabling employees to work efficiently, including various measures to ensure workers' safety.

The employer shall be responsible for ensuring that the workplace, machinery, equipment, and production process, including the use of chemical substances under its supervision, are safe and not dangerous to the health of workers.

The employer must establish internal regulations concerning labour and health protection, including the use of necessary measures to protect machinery, and the installation of various safety equipment in consultation with the trade union or workers' representatives in its labour unit. These regulations must be disseminated to workers and must be posted openly where everyone can read [them].

Necessary measures to ensure labour safety and hygiene at the workplace include:

- Installing appropriate lights or sufficient natural light, limitation of excessive noise, ventilation for air, dust and odors which are dangerous to health;
- A supply of clean drinking-water and use water, showers, toilets, a cafeteria, and changing room for workers;

- A storage room where toxic substances can be kept safely without risk of leakage;

- The provision, free of charge, in a sector where necessary, of personal safety equipment and clothing required by workers engaged in production;

- The installation of safety equipment or fencing around any dangerous machinery or at other dangerous places, and other measures such as devices that warn against or prevent electric shocks, [and] fire and others, as necessary.

The employer shall furthermore ensure that workers acquire sufficient knowledge of the rules relating to their own safety and health and shall organize training courses on those issues. The measures mentioned above shall be free of charge to workers.

All workers shall attentively and strictly implement tasks relating to the safety and health of themselves and other people. They shall cooperate with the employer in the implementation of all measures relating to their safety and health.

The employer is prohibited from using narcotics or substances dangerous to the health of workers in the labour unit.

Article 43. Medical Examination and Health Care for Workers

Each labour unit may require a medical certificate from workers who apply for work to ensure that they do not suffer from an occupational or serious communicable disease prior to employment. Where the applicant has an occupational or

serious communicable disease, the employer may reject his application for employment.

An employer must arrange for the workers to undergo a medical examination at least once a year, particularly those engaged in heavy work or [work] which is dangerous to their health, as stipulated in Article 16 of this law. If the doctor finds that a worker has an occupational disease derived from such workplace, the employer must be responsible for payment of his medical treatment in accordance with regulations. In the case of a contagious occupational disease, [the employer] must give the worker leave to undertake treatment until [he] fully recovers and will thereafter reinstate him to his usual tasks. All expenses for medical examination and treatment of occupational diseases shall be born by the employer or social security organization for the worker who is member of such organization.

All labour units shall be equipped with a first-aid kit. [Labour] units employing fifty or more workers should have a permanent medical staff to take care of and treat the health of the workers.

Chapter VII Salary or Wages and Income Tax

Article 44. Salary or Wages

Salary or wages are income that has a monetary value that the employer must pay to the employee. Employees' salary or wages may be paid at the beginning, middle or at the end of the month, before or after the completion of the work.

Article 45. Equal Right in Receiving Salary or Wages

Employees who perform equal quantity, quality, and value of work are entitled to receive equal salary, wages or other policies without any discrimination as to race, nationality, gender, age, religion, belief, or social-economic status.

Article 46. Determination of the Level of Salary or Wages

The government is entitled to determine the minimum level of salary or wages in each period for each area of work.

The determination of the minimum level of salary or wages is aimed at securing the basic minimum living standard of the employees consistent with the level of the change in the cost of living in each period.

The employer has no right to set the level of salary or wages of his employees at a level lower than that declared by the State.

The minimum salary or wages in each period of all labour units shall be under the inspection of the labour administration agency.

The employer has the right to set the level of salary or wages of its employees higher than that declared by the State based on the following conditions:

- To achieve balance with the level of capacity and knowledge of different groups in the society or the level of payment of salary or wages in other labour units;

- The value of work performed;
- The material and moral needs of life of the employees;
- The cost of living and changes to it from time to time;
- Social welfare and social security benefits for workers.

The workers, the trade unions or workers' representatives shall also have the right to negotiate with the employer in respect of their salary or wages levels.

Article 47. Forms and Regulations on Payment of Salary or Wages

The employer shall pay salary or wages to the employees based on time worked, such as: hourly, daily, monthly or on the basis of a specific work contract. All payment of salary or wages including allowances [and] bonuses shall be made on the basis of payment lists signed by the employees.

All employees have the right to request their employer for the method of calculation of their salary or wages where it is necessary for clarification and ensuring conformity with the employment contract as agreed upon.

In the case where the employer has authorized employees to bring certain work to be performed additionally outside the labour unit, wages may be paid on the basis of product output or as a lump-sum.

Salary or wages of employees must be paid in cash, in full and on time, except where it is otherwise prescribed by

government regulations or as specifically agreed between the employer and the employee.

In addition to salary or wages, the employer may pay bonuses, allowances or additional benefits as an incentive to the workers in accordance with internal regulations of that labour unit.

Payment to employees in the form of narcotics, intoxicating [substances] or substances dangerous to health as a substitution for salary or wages and other policies is prohibited.

Article 48. Calculation of Overtime

Payment of overtime to the employee must be calculated as follows:

- Overtime worked in the daytime on a regular working day shall be paid for on the basis of one hundred and fifty percent (150%) of the hourly wages of a regular working day for each hour worked;
- Overtime worked at night on a regular working day shall be paid for on the basis of two hundred percent (200%) of the hourly wages of a regular working day for each hour worked;
- Overtime worked in the daytime on a day of weekly rest or holiday shall be paid for on the basis of two hundred and fifty percent (250%) of the hourly wages of a regular working day for each hour worked;
- Overtime worked at night on a day of weekly rest or holiday shall be paid for on the basis of three hundred percent (300%) of the hourly wages of a regular working day for each hour worked.

If a worker is assigned to work on a night shift, he shall be paid an additional bonus of not less than fifteen percent (15%) of the regular hourly wages for each hour worked from 10:00 a.m. to 5:00 a.m. the next morning.

Article 49. Schedule for Payment of Salary or Wages

Salary or wages must be paid to employees at least once a month at a fixed time, except for additional allowances, bonuses or other benefits which are determined by internal regulations of the labour unit.

In respect of wages paid on a per unit of products basis, or in respect of hourly work, workers shall be paid at least twice a month.

Where employees who face difficulties or emergencies such as childbirth, sickness, [or] accidents ask for advance payment of their salary or wages, the employer shall consider such advance payment, as requested.

Article 50. Payment of Salary or Wages in the Event of Temporary Suspension of Work

Where a labour unit is ordered to suspend its production and business activities or to stop production, due to the employer's fault or work suspension by the employer, the employer must pay an allowance to each employee of not less than fifty percent (50%) of the salary or wages for the period of such temporary suspension of business activities.

Once the production and business activities resume normally, the salary or wages previously [applied] must be paid.

Article 51. Preferential Right to Receive Salary or Wages

Where a labour unit is winding up, is bankrupt or is under a court order for total confiscation of its property, its employees have the right to first receive their salary or wages, including any bonuses and allowances, before applying the remaining assets for payment of other debts.

Article 52. Deductions from Salary or Wages to Compensate for Damage

Deductions from an employee's salary or wages to compensate for damage to the property of a labour unit caused by the employee shall be made according to the value of actual damage.

In the event that the employee does not have assets for compensation, his salary or wages must be deducted for compensation but the maximum deduction shall not exceed 20% of his salary or wages.

Article 53. Deduction of Personal Income Tax from Salary or Wages

All workers who work in the Lao PDR as well as Lao workers assigned to work overseas must pay personal income tax to the government in accordance with the tax regulations. The employer has the duty to notify the income in the form of salary or wages of each employee under its supervision to the tax authority for the deduction of income tax to the State budget and to inform the labour administration agency for monitoring.

Foreign workers who work in various labour units in the Lao PDR shall also pay personal income tax to the government in accordance with specific regulations.

Chapter VIII Labour Accidents and Occupational Diseases

Article 54. Labour Accidents and Occupational Diseases

A labour accident is an accident that results in injury, disability, handicap or death of workers as follows:

- During the performance of duties at the workplace or at any other place under the assignment of the employer or of a person acting on behalf of the employer;
- In a recreational area, cafeteria, or any other place within the scope of responsibility of the labour unit;
- During the commute from residence to workplace. An accident that occurs during the time the worker performs personal tasks without being assigned by the employer or its representative or occurring after completion of the assigned work, shall not be considered a labour accident.

Occupational disease is any disease occurring as the result of an occupation. The types of occupational diseases are determined by separate regulations.

Article 55. Care of the Victims of a Labour Accidents and Occupational Diseases

The employer must provide appropriate help to a worker who suffers from a labour accident or occupational disease, [and] in addition, the employer shall pay for the actual cost of the treatment or the social security organization shall bear the costs certified by a doctor, if such employee is a member of the organization.

In the event that the worker suffers from a serious labour accident or occupational disease or dies, the employer must report to the nearest labour administration agency within forty-eight hours. If the employee is dead, the employer shall be responsible for funeral expenses as appropriate but not less than six months' salary or wages of the deceased.

If a worker dies while on assignment by the employer to another workplace, the cost of transferring his body or remains to his family shall also be borne by the employer.

In addition, the heirs of the deceased have the right to receive a one-time allowance in accordance with regulations.

Article 56. Allowance to Victims of Labour Accidents or Occupational Diseases

The allowances for a worker who is a victim of a labour accident or an occupational disease are as follow:

- Throughout the period of medical treatment and health rehabilitation certified by a doctor, the employee shall be entitled to receive his regular salary or wages, but not exceeding six months. If the

period exceeds six months, for each exceeded month, he shall be entitled to receive only fifty percent of his salary or wages, but [the period] shall not exceed eighteen months. For a member of the social security organization, the social security system shall be applied;

- Where a worker becomes handicapped or loses any organ of the body as a result of a labour accident, or an occupational disease or dies as a result thereof, the employer shall pay an allowance to the victim or to his heirs in accordance with the laws and regulations.

Chapter IX Social Security

Article 57. The Importance of Social Security

Social security is important for securing the basic material and moral needs of employees and their families, aiming at maintaining a stable life during illness, giving birth, loss of capacity, retirement, death, labour accident, occupational disease, handicap, loss of job, and while facing other difficulties.

Employers and employees contribute to the social security fund in accordance with the social security regime determined by the State.

Article 58. Compulsory Social Security

All labour units must participate in the social security regime by contributing to the social security fund to implement

the social security policy for the employees and employer in accordance with regulations.

Chapter X Pension and Allowances System

Article 59. Pension System

Workers in various labour units have the right to receive pension under the following conditions:

- Men and women reaching the age of sixty years. The women may retire earlier but no earlier than the age of fifty-five years;
- Upon completing twenty-five years of work;
- For a worker who have worked in a place that is dangerous to the health for a continuous period of five years or more before the date of receipt of pension, the term of service period is twenty years, and the retirement age is fifty-five years of age, and women may retire earlier, but no earlier than fifty years of age;
- Social security regulations shall apply to workers who have contributed to social security. For the worker who is not a member of the social security organization, his labour unit shall be responsible to pay in accordance with the social security regulations.

Article 60. Receipt of One-Time Allowance

Workers who do not meet the requirements stipulated in Article 59 above shall receive a one-time allowance as prescribed in Article 29 of this law.

**Chapter XI
Resolution of Labour Disputes**

Article 61. Types of Labour Disputes

Labour disputes arising when the employer and employees cannot reach consensus on a labour issue.

Labour disputes are divided into two types as follow:

- Disputes concerning the implementation of the Labour Law, internal regulations of the labour unit, labour regulations, employment contracts, and other legislation relating to labour;
- Disputes relating to benefits, which refers to disputes relating to claims by employees for new rights and benefits which they request their employer to [provide].

Article 62. Resolution of Labour Disputes Relating to Laws and Regulations

If a worker, trade union or workers' representative makes a claim against the employer who has acted in violation of the Labour Law, internal regulations of the labour unit, labour regulations, [or] the employment contract, the employer or its authorised representative must consider and resolve the

problem in a reasonable time. During the consideration of the claim, the worker may propose that the trade union or workers' representatives also participate.

Where the parties reach an agreement in relation to the claim in whole or in part, a memorandum of the agreement must be prepared and signed by the parties and a witness to certify their acknowledgment. Such memorandum must be sent to the labour administration agency and the trade union or workers' representatives within five days from the date the memorandum is signed.

Article 63. The Organizations Responsible for Resolution of Labour Disputes Relating to Laws and Regulations

If, after fifteen days from the submission of a claim to the employer, the employer has not called the relevant parties to solve the dispute or a consideration has taken place but no agreement has been reached, or an agreement has been reached but is not implemented, the worker has the right to request the labour administration agency to solve the dispute.

Where the labour administration agency cannot resolve or can resolve only part [of the dispute] within fifteen days, the party that is not satisfied with the resolution has the right to file a claim with the people's court for adjudication.

Article 64 Resolution of Labour Disputes Relating to Benefits

The resolution of labour disputes relating to benefits must be carried out according to the procedures for the resolution of disputes relating to laws and regulations as stipulated in Articles 62 and 63 above.

Where the labour administration agency cannot resolve [the dispute] within fifteen days from the date of receiving such dispute, the dispute shall be submitted to the labour dispute resolution committee to consider a solution.

The labour dispute resolution committee comprises representatives of the labour administration agency, trade unions or representatives of employees, representatives of employers and other concerned sectors.

The establishment and activities of the labour dispute resolution committee are determined by separate specific regulations.

Article 65. Prohibition of Work Stoppage

Workers, employers or their representatives shall not declare a work stoppage in the following cases:

- In the event of a labour dispute relating to the implementation of laws and regulations and relating to benefits;
- When both parties have agreed to meet for consideration and resolution of the disputes;
- During the process of the resolution of unresolved matters relating to workers and employers by the labour dispute resolution committee;
- During the settlement of the labour dispute by the people's court.

Any person or organization which is directly or indirectly involved and has [directly or indirectly] incited workers, employers or their representatives to stop work either verbally or through material or financial support that causes damage to the workers or employers or social order, shall be punished in accordance with the laws.

Chapter XII Administration and Inspection of Labour

Article 66. The Labour Administration Agency

The labour administration agency comprises:

- The Ministry of Labour and Social Welfare;
- The labour and social welfare division at each province and city;
- The labour and social welfare office at each district and municipality.

Article 67. Right and Duties of the Ministry of Labour and Social Welfare

The Ministry of Labour and Social Welfare has the following rights and duties relating to labour activities:

1. To research and draw up strategic plans, laws and regulations on the building and development of labour skills, job placement, and administration of labour, and to propose to the government for consideration and approval;

2. To disseminate, monitor, supervise and inspect the implementation of strategic plans, the Labour Law, and other regulations on labour;
3. To research, consider, approve or cancel the establishment of enterprises, associations or foundations relating to labour;
4. To establish and conduct scientific research on labour, statistics and information, the labour market and others;
5. To collaborate with other sectors and organizations in building and developing labour skills, and in job placement;
6. To administer Lao workers working within the country and abroad, and foreign workers working in the Lao PDR, in collaboration with the Ministry of Foreign Affairs, the Ministry of Security, and other sectors at central and local levels, as necessary;
7. To administer and inspect the activities of job placement enterprises;
8. To administer, use and inspect the national fund on building and developing labour skills in accordance with regulations;
9. To supervise the mediation of labour disputes;
10. To cooperate in international labour activities;

44

11. To exercise such other rights and perform such other duties as stipulated by the laws.

Article 68. Rights and Duties of the Labour and Social Welfare Division of Each Province and City

The labour and social welfare division of each province or city has the following rights and duties relating to labour:

1. To elaborate on the strategic plan and the development plan on labour;
2. To disseminate, monitor, supervise and inspect the implementation of laws and regulations on labour under its responsibility;
3. To collaborate with other divisions and organizations in the building and developing of labour skills, job placement and administration of labour;
4. To administer Lao workers working within country and abroad, and foreign workers working in the Lao PDR, in collaboration with other relevant sectors within its locality as assigned by the Ministry;
5. To administer, use and inspect the national fund on building and developing labour skills in accordance with regulations;
6. To conduct mediation of labour disputes within its mandate;
7. To consider applications to establish or the cancellation of [licenses of] enterprises, associations and foundations

45

relating to labour, and to propose to the Ministry of Labour and Social Welfare for consideration and approval;

8. To supervise, monitor and administer enterprises, associations, and foundations relating to labour within its responsibility that have been approved for establishment;

9. To monitor and collect data and information on labour and the labour market;

10. To summarize and report on labour activities to the higher authorities;

11. To perform such other rights and exercise such other duties as stipulated by the laws.

Article 69 Rights and Duties of the Labour and Social Welfare Office of Each District and Municipality

The labour and social welfare office of each district or municipality has the following rights and duties relating to labour:

1. To disseminate, monitor, and inspect the implementation of laws and regulations on labour under its responsibility;

2. To collaborate with other offices and organizations in the building and developing of labour skills, job placement and administration of labour;

3. To conduct mediation of labour disputes within its mandate;

4. To monitor and administer activities of the enterprises, associations and foundations relating to labour within its responsibility;

5. To monitor and collect data and information on labour and the labour market;

6. To summarize and report on labour activities to the higher authorities;

7. To Exercise such other rights and perform such other duties as stipulated by the laws.

Article 70. Rights and Duties of Other Relevant Sectors

Sectors and administrative agencies at the local level relating to labour have the rights and duties to collaborate with the labour and social welfare sector in accordance with their roles and responsibilities in the building and development of labour skills, job placement and administration of labour in order to expand labour activity and to contribute to strengthening the socio-economic growth of the nation.

Article 71. The Labour Inspection Authority

The labour inspection authority is the same organization as the labour administration agency as defined in Article 66 of this law.

Article 72. Rights and Duties of the Labour Inspection Authority

The labour inspection authority has the following rights and duties:

1. To inspect the implementation of laws and regulations, plans relating to labour;
2. To inspect the working conditions, social welfare and social security relating to labour;
3. To inspect safety and health in the workplace;
4. To inspect the administration and job placement and the use of female and child labour;
5. To inspect the building and developing of labour skills;
6. To inspect job placement enterprises;
7. To exercise such other rights and perform such other duties as stipulated by the laws.

Article 73. Types of Inspection

Labour inspections are divided into three types as follows:

1. Regular inspection;
 2. Follow-up inspection;
 3. Emergency inspection.
- Regular inspection is an inspection in accordance with a determined plan;

- Follow-up inspection is a re-inspection following a regular inspection in various labour units that have been warned or have been given recommendations for some areas of improvement;
- Emergency inspection is an urgent inspection without advance notice to the person being inspected.

Chapter XIII

Policies Towards Persons with Outstanding Achievements and Measures Against Violators of this Law

Article 74. Policies Towards Persons with Outstanding Achievements

Any person or organization with outstanding achievements of this law will be awarded or receive other policies in accordance with regulations.

Article 75. Measures Against Violators

Any individual or legal entity that violates this law shall be re-educated, warned, fined, subject to temporary suspension of business, subject to withdrawal of business license or brought to court proceeding based on the nature of the offence, including having to compensate for civil damage caused, as regulated by the laws and regulations.

**Chapter XIV
Final Provisions**

Article 76. Implementation

The government of the Lao People's Democratic Republic is to implement this law.

Article 77. Effectiveness

This law replaces the Labour Law No. 002/NA, dated 14 March 1994.

This law shall enter into force after ninety days from the date of the promulgating decree from the President of the Lao People's Democratic Republic.

Any provisions that contradict this law are repealed.

Vientiane, 27 December 2006
President of the National Assembly

Thong sing THAMMA VONG