

## The practice of agency work in the Slovak Republic as a consequence of labour market liberalisation

### Abstract

Agency work is considered to be one of the essential tools of the modern labour market that allows employers to respond flexibly to changed economic conditions, depending on greater or lesser requirements for labour. A progressively developing segment of the European labour market, agency work should provide a certain level of benefit to both employer and employees. However, in the Slovak Republic, agency work is becoming problematic as regards individual labour law and for the social security system. Certain practices on the part of some agencies create fundamental market distortions in the Slovak Republic. These include the circumvention of legal provisions regarding the employment relationship for a fixed-term period, as the basic unit of the labour law relationship; the paying of part of the wages of agency workers in the form of reimbursements of travel expenses, without there actually being any change in the place of work; and the failure to secure adequate working conditions, for example with regard to occupational safety and health protection at work.

**Keywords:** temporary employment agencies, agency work, fixed-term employment relationships, temporary assignment, labour law, health and safety, reimbursements of travel expenses, wages of agency workers

### Introduction

The basic premise, presented in unison within the European as well as the Slovak labour market, is the positive role that agency work plays in job creation and in the subsequent reduction in unemployment. The benefit of agency work for improving the access of specific (disadvantaged) groups to the labour market is viewed just as favourably (Pichrt, 2013: 55). Job-seekers who are disadvantaged on the grounds of, for example, age or ethnicity are also, in the context of the Slovak Republic, deemed to be primary representatives in the group of the long-term unemployed, as well as a frequent example of those in poverty, which is regarded as prone to inter-generational conflict. The reported advantage of agency work lies especially in the opportunity to employ people that may otherwise never be offered a vacancy by the host employer unless there were some prior incentive, such as the reduction of costs and of the administrative burden arising from their employment.

There is a strong, general view that sees the positive sides of agency work in terms of the opportunity to harmonise an employee's professional and family life; as well as in the opportunity to use it as a means of fighting the economic crisis in EU countries.

Nonetheless, it should be noted that, in the Slovak Republic, and based on an insufficient legislation and negative practices on the labour market, agency work is becoming a problem. The gradual departure of employers from traditional forms of employment – i.e. employment relationships established for an indefinite, or open-ended, period – towards agency work based on the employment relationship being established for a fixed-term period, and with the possibility of avoiding the restrictions that exist, poses a threat to the principal function of labour law – that is, the protection of employees' human dignity.

The labour law protection of agency workers is already significantly more difficult since their representation in the workplace in the form of trade unions, or a works council, is non-existent. Furthermore, they are governed by the significant fear of losing their job should they dare to defend their rights against their employer or by the use of legal means.

### Legal framework for agency work in the Slovak Republic

The legislation concerning agency work is contained in Act No. 311/2001 Coll. the Labour Code and Act No. 5/2004 Coll. on Employment Services. The Labour Code focuses chiefly on the basic regulation of agency work with regard to employees' working conditions and the legal relationship between a temporary employment agency and an employee, or between a temporary employment agency and a host employer. The Act on Employment Services sets out the basic conditions for founding a temporary employment agency and obtaining a licence to perform such an activity, and it also introduces the obligations of a temporary employment agency in relation to the state authorities.

In referring to agency work, the Labour Code uses the term 'temporary assignment'. This, however, represents a broader concept since, apart from agency work, it also covers the institute of temporary assignments by an employer that does not have the status of a temporary employment agency (Barancova, 2012: 120). In terms of labour law relationships, the temporary assignment of an employee to perform work for another employer leads to the legal position of 'employer' being held not only by the real employer of this employee, or the recruitment agency, but also by the host employer. Other than the employer and the employee, the third participant in this legal relationship is, therefore, the entity that is temporarily borrowing the employee, i.e. the host employer. A labour law relationship entered into as a result of such temporary assignments of employees to perform work for other employers consists of a legal relationship between the three participants that, therefore, depends on the will of each of them.

Furthermore, a labour law relationship developed from the temporary assignment of an employee to perform work for another employer pre-supposes two legal acts: namely, a contract between the employee and the employer; and one between the employer and the host employer.

An employment contract between an agency and an employee concluded for a definite, or fixed-term, period states, in particular

- the name and registered office of the agency
- the name and registered office of the host employer
- the purpose of the temporary assignment to another employer

- the day on which the temporary assignment comes into effect
- the duration of the temporary assignment
- the type of work to be performed for the other employer
- the place of the performance of work
- conditions relating to the wage or salary
- conditions underlying the unilateral termination of work before the conclusion of the temporary assignment period.

The relationship between the temporary employment agency and the host employer is governed not only by the labour law (the Labour Code stipulates only certain of the content features of an agreement concerning a particular temporary assignment concluded between an employer and a host employer, e.g. the personal data of the temporarily-assigned employee; the type of work; the duration of the temporary assignment; and the working conditions). The Labour Code does not expressly provide that the contract between the two employers should include particular commercial law considerations and, therefore, the application of one of the contractual types set out in the Commercial Code can be supposed.

### Employment relationship for a definite/indefinite period – the lack of a ban on synchronisation

A specific feature of agency work in the Slovak Republic is its unlimited duration. The so-called synchronisation ban included in some other national legislations (and, in the past, also in the Federal Republic of Germany) is not applied in the Slovak Republic. This ban on synchronisation envisages the maintenance of the employment relationships of agency workers, even after their current temporary assignment to an employer, i.e. to perform work for a fixed-term period, has been terminated. This means that the employment relationship for those involved in agency work is concluded for an indefinite period (Horecký, 2013: 15).

In the Slovak Republic, an employer or a temporary employment agency can assign an employee to perform work for another (so-called ‘host’) employer for an unlimited period of time. This is because there are no legal restrictions on the duration of a temporary assignment. Such temporary assignments are, in fact, often carried out on the basis of the establishment of an employment relationship for a fixed-term period.

The Act on Employment Services does set out certain restrictions including that, over a period of 24 successive calendar months, temporary employment agencies are not allowed temporarily to assign an employee to a host employer more than five times. Should there be any further assignment, the employment relationship between the agency and the employee is automatically terminated while a new employment relationship arises between the former agency worker and the host employer to whom the employee has been temporarily assigned.

The perspective for assessing the positive and negative sides of agency employment in the Slovak Republic lies, therefore, in the legal framework within which employees carry out work during their temporary assignment to a host employer. The primary phenomenon is the conclusion of an employment relationship for a fixed-term period between the temporary employment agency that assigns an employee to a host employer and the employee. Naturally, a traditional employer (not the temporary employment

agency) can also temporarily assign an employee to carry out work for another host employer. However, this phenomenon is not as frequent.

The duration of an employment relationship for a fixed-term period is not expressly stipulated by any identifiable criterion and depends solely on the duration of the temporary assignment to a host employer. We might point out that Slovak law does not set out any restrictions on the duration of a temporary assignment to a host employer, and that such an assignment can, in theory, last anywhere between several days and several decades. The employment contracts of employees state that the duration of their employment relationship is for a ‘fixed-term period’ within the formulation ‘until the termination of work for the host employer’. And, thus, some examples taken from actual practice show that a temporary employment agency’s assignment of an employee to a company can, at present, already be in excess of an eight-year period.

Such practices result from the business policies of the majority of temporary employment agencies. These agencies reject any incidence of the additional costs that would arise from their obligation to pay their employees’ wages, and to cover their further labour law claims, in potential periods when the employees are not temporarily assigned to a client employer on the basis of an employment relationship for an indefinite period. The primary interest of temporary employment agencies is, hence, focused solely on the establishment of an employment relationship for a fixed-term period during the employee’s temporary assignment, since it is precisely for this purpose that they conclude an employment relationship with the employee in the first instance.

Given this practice, the current key question in the Slovak Republic is whether this kind of employment relationship, concluded with agency workers for a fixed-term period, meets the required objective character of identifying the moment that terminates the employment relationship. Clearly, it does need to be compliant with the legal order of the Slovak Republic and Directive 1999/70/EC on the Framework Agreement on fixed-term work. The Slovak Labour Code stipulates that, if the conditions for concluding an employment relationship for a fixed-term period have not been met (for example, its duration was not expressly stated), the employment relationship is considered to have been agreed for an open-ended period.

This issue has not yet been addressed in legal cases, and it is questionable whether any legal determination would arrive at the conclusion that this actually represents a circumvention of the employment relationship being established for an indefinite period where there is a non-observance of the conditions for concluding an employment relationship for a fixed-term period.

If this suggested conclusion of the law were made in the context of the Slovak Republic – in judicial practice as well as in application practice – it could be supposed that the legal framework for providing agency work in the country would change significantly. Beside the substantial benefits that flow to agencies from the performance of their business activities based on temporary assignments, there would be an obligation for them also to bear responsibility for all the further labour law claims of their employees. Were, in contrast, any legal determinations to come to the contradictory conclusion, in the sense that an employment relationship for a fixed-term period agreed in this way is in compliance with both national and European law, this would only further confirm the *status quo* in the field of agency work in the Slovak Republic.

In consequence to this legal problem, there is a lively debate taking place in the Slovak Republic – not only among law-makers but also in the field of legal disputants – as to whether, and in which type of employment relationship, agency work can be conducted. Given the wording of the provisions of the Labour Code, employees' representatives, in particular, have arrived at the conclusion that an employment relationship for a fixed-term period, concluded in circumstances in which the employment contract did not expressly stipulate the duration, as required by s. 48(1) of the Labour Code, is one that has indeed been agreed for an indefinite, open-ended period. In this respect, it is questionable whether the arrangement of 'a fixed-term period', as formulated in the employment contracts of agency workers 'until the termination of work for the host employer', complies with the legal requirements of s. 48(1). That is expressly to stipulate the duration of the employment contract. At the same time, however, it may be said that the objective indicator of the termination of an employment relationship, with regard to the national judicature, is represented by the very demand that an agency worker perform certain work for the host employer. This demand is determined by the provisional nature of the work (e.g. a sudden demand for an increase in the number of staff).

In comparison to employment relationships which are open-ended, employment relationships established for a fixed-term period represent an atypical form of employment relationship which is related to significant job insecurity for employees. Therefore also, the Labour Code, in some additional provisions in s. 48, introduces further restrictions on the conclusion of fixed-term employment relationships. Such a relationship is deemed a non-standard form of employment, the existence of which ought to be rather exceptional in the employee's life-cycle.

Temporary employment agencies have an absolute exception from the restrictions construed in s. 48(2-7) of the Labour Code (on the conclusion of employment relationships for a fixed-term period – e.g. a fixed-term employment relationship can be concluded for a maximum of two years, or else, within the given two-year period, it can be concluded repeatedly on a maximum of only twice). However, this does not prevent them from concluding employment relationships for a fixed-term period. However, they are not exempt from adhering to s. 48(1) of the Labour Code just as is any other employer, i.e. they must expressly state that the duration of the employment relationship is for a fixed-term period.

In terms of time, a fixed-term employment relationship represents a fixed, strictly limited time period during which both the employer and the employee are obliged to fulfil their duties resulting from the employment relationship until the agreed time has lapsed and, thus, the employment relationship has been terminated. This is supported even by the requirement to keep a record of the time worked in a labour law relationship, as laid down in s. 37 of the Labour Code. According to this, *inter alia*, the period during which the rights or obligations have been restricted also commences on the first day and expires on the last day of the given or agreed period.

This is why a period during which, according to the employment contract, the duration of the employment relationship has been restricted must commence on the first day of the agreed period and expire on the last one. We could infer here that a fixed-term employment relationship is specified mainly by a particular indication of time, or

some other objectively-identifiable matter of fact. An agreed employment contract declaring the conclusion of an employment relationship for a fixed-term period should state the obvious point at which the employment relationship commences and when it terminates – in the form of an objectively-identifiable matter of fact that occurs irrespective of the will of the employer or employee. With respect to the duration of the employment relationship, also in view of the wording of clause 3<sup>1</sup> of Council Directive 1999/70/EC on the Framework Agreement on fixed-term work, which is binding also on the Slovak Republic, the objectively-identifiable matter of fact is that the attainment of a specific date, the completion of a specific task or the occurrence of a specific event (e.g. the return to work of an employee from maternity/parental leave or from sick leave) concludes the relationship. It is the specification of the duration of the employment relationship in an objectively-identifiable manner that distinguishes an employment relationship which is concluded for a fixed-term period from one which is open-ended.

The moment of the termination of an employment relationship should not occur on the basis of a legal act on the part of the employer or employee, but rather on the basis of this objectively-identifiable matter of fact, as defined in the employment contract and which limits the duration of the employment relationship to a fixed-term.

Subsequent to our review of employment contracts which have been concluded for a fixed-term period in this way, it can be argued that the provisions of agency workers' employment contracts do not state an obvious particular indication of the time period (i.e. the duration) that would restrict the length of their employment relationships with the temporary employment agency. And, thus, neither is the duration indicated of his/her temporary assignment with the host employer. Employment contracts often do not even make clear who is the host employer, or after the termination of what kind of work is the employment relationship ended. The employment contract of an agency worker does not often even specify the name of the host employer and, during his/her employment relationship, the worker can be assigned to various host employers since this is left to the discretion of the respective temporary employment agency.

Taking into account such a formulation of the employment contracts provided by temporary employment agencies to their employees, it can be reasoned that the restriction of the duration of the employment relationship is often not clearly stipulated – i.e. in an objectively-identifiable manner – but, even then, that would not raise doubts about the duration of the employment relationship.

As we can see, neither the duration of the employment relationship for a fixed-term period nor the duration of a particular temporary assignment is determined by a specific time period or an objectively-identifiable matter of fact. The implication of such an arrangement is that the termination of the employment relationship follows from the temporary employment agency's manifestation of will (as a unilateral termination of

1 For the purposes of this Agreement, the term 'fixed-term worker' means a person who has entered into an employment contract or relationship directly with an employer; and where the end of the employment contract or relationship is determined by objective conditions such as the reaching of a specific date, the completion of a specific task or the occurrence of a specific event.

the temporary assignment) that comes at the suggestion of a third party, i.e. the host employer. Such a course of action can be judged to be in direct contradiction with the essence of a fixed-term employment relationship that should allow both parties to be able to assume the termination of the agreed employment relationship.

The legislation does not expressly state how the duration of the employment relationship should be specified, while the decisions of the Slovak courts are not known. We may, therefore, be able to proceed mainly from the established judicature of the Supreme Court of the Czech Republic (if the two countries' common legal history is taken into consideration). In several of its decisions, the Supreme Court of the Czech Republic mentions that:

*In cases when the employment relationship's agreed duration has not been completed with an indication of a particular time, or time period (weeks, months or years), the duration of certain works, or with an indication of some other objectively-identifiable matter of fact – but nevertheless it is assumed and also allowed that this duration ends (or might end) on the basis of an event that occurs (or might occur) at the initiative of only one party of the employment relationship – the agreement on the employment relationship's duration is deemed invalid and the employment relationship is thus deemed to be concluded for an indefinite period.*

In this context, we can point out that the practice of agency work in the Czech Republic is similar. Unlike in the Slovak Republic, the Czech legal order lays down general restrictions on the duration of employees' temporary assignment to perform work for a host employer to be a maximum of twelve months. The agreement on fixed-term employment relationships with a duration 'until the termination of work for the host employer' is thus analogous but, in contrast to the Slovak Republic, however, a limit has been introduced. Temporary assignments with a maximum acceptable duration of twelve months represent the required objectively-identifiable matter of fact that is eligible automatically, and *ex lege*, to terminate the duration of the temporary assignment as well as the employment contract itself. On the one hand, the agency worker does not immediately know how long his/her employment relationship, or temporary assignment to a host employer, will last. On the other hand, however, there is this twelve-month period that can, accordingly, be considered as the objective time period which the duration of the temporary assignment cannot exceed.

This applied model of agency work can thus be viewed as a problematic one, given the wordings of some provisions of the Labour Code that seek to ensure employees' safety at work. The question arises as to whether such practices contravene the legal provisions on fixed-term employment relationships, as well as the provisions of the Labour Code regulating the termination of an employment relationship before the expiry of an agreed period (e.g. on the basis of notice, agreement, etc.). Upon concluding a fixed-term employment relationship without stating a specific, objectively-identifiable moment at which the employment relationship is terminated, the employee is exposed to the employer's unilateral discretion. Termination of a temporary assignment clearly also means the termination of the employment relationship.

## Wages and the reimbursement of travel expenses

Another relevant factor that unfavourably affects the status of agency workers in the Slovak Republic lies in the efforts of some temporary employment agencies to circumvent their tax and deductions liabilities. Negatively-viewed practices include, primarily:

- the application of various different forms of the remuneration of agency workers within the same calendar month
- various formal efforts to prevent a comparison of the wage-based remuneration of agency and regular workers (e.g. stating wages and different allowances or reimbursements for travel in separate documents, or on different payslips).

It has become common practice among some agencies to grant financial compensation for work that has been carried out not in the form of wages but as so-called travel reimbursements for commuting to a workplace other than the regular one. According to the latest statistical estimates, the number of agency workers remunerated in this manner ranges around 15 000: this actually accounts for some 50 % of all agency workers. This is, in fact, a rather sophisticated way of saving costs on the part of temporary employment agencies which has a direct influence on their margin level.

The ‘agency’ model of providing wages depends on existing legislation under which reimbursements for travel are not subject to all the tax and deduction liabilities that apply to the standard payment of wages. The temporary employment agency thus concludes with its employee an employment relationship which sets out a place of performance of work as location A, although it is clear that the employee will be temporarily assigned to a company situated in location B. A certain wage is agreed with the employee orally but the contract of employment, however, states a lower wage (as a rule, the minimum wage in the Slovak Republic) with the rest settled in the form of reimbursements for travel expenses. In spite of the temporary assignment lasting several months or years, the employee is, on a daily basis, granted reimbursements of their travel expenses as if on a work-based mission to location B, and are formally registered as such. But in reality, however, this mission is never the case; location B is the employee’s permanent place of work.

Such a remuneration model among some of the temporary employment agencies has, basically, two negative implications.

Granting part of wages in the form of reimbursements of travel expenses can clearly affect the so-called basis of assessment for insurance purposes of, for example, the pension scheme. Employees getting the minimum wage and reimbursement of their travel have a disproportionately lower deduction than agency workers who are remunerated in a standard manner. This will result in reduced pension benefits that will, in the established pension scheme, prevent them from saving up enough money for an average pension (Kakaščíková, 2011: 86).

Additionally, the Slovak Republic loses a significant injection of funds into the social security system, as well as in its tax receipts, since reimbursements of travel expenses are exempt from tax and deductions (in the case of normal remuneration, such funds would be a part of the wage). It is estimated that agency work thus costs the state a yearly sum of about €22m.

At the same time, a considerable inequality is arising between temporary employment agencies that are already distinguishing themselves as reputable ones (i.e. paying wages in a standard way) and disreputable ones (i.e. paying part of the wage in the form of reimbursements of travel expenses and subsequent competition-based price dumping).

**Table 1 – Agency workers’ remuneration: a worked example**

Subject / item		Fair-play agencies	Other agencies	Difference
Employee	Employee’s gross wage	500	338	-162
	Employer’s deductions	67	45	-22
	Taxable wage	433	293	-140
	Non-taxable part of the tax base	311	311	-
	Tax base	122	0	-122
	Income tax	23	0	-23
	<b>Net wage</b>	<b>410</b>	<b>293</b>	<b>-117</b>
	Travel allowances	0	117	117
	<b>Net wage total</b>	<b>410</b>	<b>410</b>	<b>0</b>
Employer	Wage and salaries	500	338	-162
	Personal costs	176	119	-57
	<b>Labour costs (cena práce)</b>	<b>676</b>	<b>457</b>	<b>-219</b>
	Reserves	-	-	-
	Lunch tickets	36	36	0
	Travel allowances	0	117	117
	<b>Total labour costs</b>	<b>712</b>	<b>610</b>	<b>-102</b>
Agency	Agency’s margin in % wage and non-wage costs	10.0 %	28.4 %	18.4
	Agency’s margin in €	71	173	102
	<b>Price for the host employer</b>	<b>783</b>	<b>783</b>	<b>0</b>

Source: Adecco

### Provision of a service

It is common knowledge that temporary employment agencies have been, in practice, providing services based on the hiring out of employees in terms of a commercial law relationship and not actually temporarily assigning them according to the Labour Code. Such patterns of conduct have been developed as a means of circumventing the

Labour Code and therefore – in order to reinforce the labour law arrangements concerning temporary assignment – new legislation was adopted through an amendment of Act No. 5/2004 Coll. on Employment Services, as subsequently amended with effect from 1 May 2013.

This amendment introduced several essential features that determine the legal relationship of a temporary assignment which is set out in the legislation, on the basis of a rebuttable presumption, in the following way:

- a) the temporary employment agency is providing a service to some other legal or natural person (whether on the basis of a civil or commercial relationship)
- b) the features of a temporary assignment are in line with the amended Act on Employment Services.

The implication of the new legislation is that it identifies a temporary assignment regardless of how the legal relationship is termed, or whether it is, on the face of it, a service provision and not a hiring out of the employee. In the case in point, the legal relationship is automatically reclassified as a labour law relationship based on a temporary assignment. The interesting thing is that the new legislation pertains only to temporary assignment agencies. Should a legal relationship between a service subscriber and a service provider other than a temporary employment agency have the features of temporary assignment, it is unclear how such a legal relationship would be assessed. This is because a reclassification of a legal relationship as being one based on temporary assignment concerns only that situation in which the provision of services would mean a lending of the employee on the part of temporary employment agencies.

If we consider also that a legal relationship is assessed additionally according to its content, certain risks can also be seen in the case of circumventing a temporary assignment arrangement on the part of employer entities other than temporary employment agencies. A further problem arising from such a case would be that the relevant employer entity is performing the activity of a temporary employment agency without an appropriate licence, on the basis of which various sanctions can be imposed.

According to the new legislation, a temporary assignment includes also that activity carried out by a legal person or a natural person *vis-à-vis* its own employees, on the basis of permission to perform the activity of a temporary employment agency. This is so the basis of a legal relationship other than the one stipulated by a particular directive (of the Labour Code) for another legal or natural person, where:

- a) another legal person, or another natural person, assigns work tasks to the temporary employment agency's employees; or organises, directs and supervises their work and also instructs them for this purpose
- b) this activity is performed chiefly on the premises of another legal person, or another natural person, and using its own work equipment; or whether this activity is performed chiefly using the facilities of another legal person or another natural person
- c) this activity is recorded as the object of activity of another legal person or another natural person in the relevant registry.

The regulation implies that all three features must be cumulatively met for the purposes of assessing a legal relationship as constituting a relationship based on temporary assignment. However, the risk of the re-classification of a legal relationship as

a temporary assignment in the case of the partial completion of these features cannot be excluded.

At the same time, it needs to be stated that, ultimately, only a court is entitled to determine what constitutes a temporary assignment.

### Final considerations

The reported shortcomings of agency employment in the Slovak Republic, and its convenience for the temporary employment agencies themselves, can be demonstrated by the available statistical data. According to the latest statistical figures of the Statistical Office of the Slovak Republic, there are about 1 150 temporary employment agencies operating on the labour market. In relation to the total number of employees in the Slovak Republic (about 2.2 million) this is a highly non-standard number. However, it is generally estimated that the number of agency workers can be as high even as 35 000, although the official statistics of various organisations state that the number ranges in practice between 20 000 and 25 000 (which represents about 1.2 %-2.1 % of all employees).

According to the latest official data of the Slovak Republic Statistical Office, intermediary agencies achieved, in the second quarter, a turnover of €84m. Compared to the second quarter of 2011, this represents an increase in turnover of 41.2 %. From January to June, the agencies thus achieved a total turnover of €153m.

The average number of employment-agency staff increased in the second quarter of 2012 by 55.5 %, to 23 265 employees. From January to June 2012, this represents an increase in the number of employees in the region of 41.5 % (Zaušková and Madlenak, 2012: 100).

The resolution of the problems of agency work which we have outlined here can be considered to be particularly difficult. Despite the strong pressure of the employer organisations, the most recent amendment of the Labour Code, taking effect from 1 January 2013, introduced a restriction on the duration of temporary assignment to carry out work, which is the basis of agency employment. The result has been that efforts are being made to find a solution in the form of the legal actions of agency workers. The fundamental motivation among employees is to achieve a court ruling with a verdict that a fixed-term employment relationship concluded in this manner does not meet the requirements stipulated by the law and that such an employment relationship has, thus, been concluded for an open-ended period.

The rectification of the practice of granting a part of wages in the form of reimbursements of travel expenses is a matter for the stronger scrutiny of the state authorities which, unfortunately, are still fundamentally failing. However, certain solutions have been provided in the recently-adopted amendment of Act No. 5/2004 Coll. on Employment Services, which introduces certain obligations (restrictions) on temporary employment agencies. Temporary employment agencies cannot temporarily assign an employee to a host employer more than five times in the course of 24 successive calendar months. Should this condition be breached, the employment relationship between the agency and the employee is automatically terminated in favour of the establishment of a new employment relationship between the former agency worker and the host employer, i.e. the one to whom the employee is temporarily assigned.

Also introduced has been the presumption of the existence of a temporary assignment that should stop the outlined circumvention of the labour law regulations by means of contractual commercial relationships. However, this provision has been in effect only for a couple of months and so an assessment of its practical implications is not possible.

Finally, we might note that a consequence of the deepening state budget deficit is that the government of the Slovak Republic has accepted an obligation to consolidate the public finances by the means also of preventing such practices on the labour market. This means an empowerment of the appropriate inspection bodies.

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