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AK Position Paper

Proposal for a Regulation on a European network of Employment Services, worker's access to mobility services and the further integration of labour markets

About us

The Federal Chamber of Labour is by law representing the interests of about 3.4 million employees and consumers in Austria. It acts for the interests of its members in fields of social-, educational-, economical-, and consumer issues both on the national and on the EU-level in Brussels. Furthermore the Austrian Federal Chamber of Labour is a part of the Austrian social partnership.

The AK EUROPA office in Brussels was established in 1991 to bring forward the interests of all its members directly vis-à-vis the European Institutions.

Organisation and Tasks of the Austrian Federal Chamber of Labour

The Austrian Federal Chamber of Labour is the umbrella organisation of the nine regional Chambers of Labour in Austria, which have together the statutory mandate to represent the interests of their members.

The Chambers of Labour provide their members a broad range of services, including for instance advice on matters of labour law, consumer rights, social insurance and educational matters.

Rudi Kaske
President

More than three quarters of the 2 million member-consultations carried out each year concern labour-, social insurance- and insolvency law. Furthermore the Austrian Federal Chamber of Labour makes use of its vested right to state its opinion in the legislation process of the European Union and in Austria in order to shape the interests of the employees and consumers towards the legislator.

All Austrian employees are subject to compulsory membership. The member fee is determined by law and is amounting to 0.5% of the members' gross wages or salaries (up to the social security payroll tax cap maximum). 560.000 - amongst others unemployed, persons on maternity (paternity) leave, community and military service - of the 3.4 million members are exempt from subscription payment, but are entitled to all services provided by the Austrian Federal Chambers of Labour.

Werner Muhm
Director

Executive Summary

The European Commission (EC) has submitted a proposal for a Regulation of the European Parliament and of the Council on a European network of Employment Services, worker's access to mobility services and the further integration of labour markets.

With regard to this proposal, the Federal Chamber of Labour has the following opinion:

The aim of the proposal is to re-design EURES, i.e. the currently existing network of employment services and to issue binding guidelines for the way in which this network is used and the way in which information and offers are supplied to this network. The proposal will replace the current regulations for the EURES network that has existed since 1993, including the Commission Decision of 2012. The intention is to establish a EURES network, composed of the European Commission ('European Co-ordination Office'), the authorities designated at national level by the Member States ('National Coordination Office') and the facilities that support workers and employers ('EURES partners').

The EC cites one of the reasons for the need for governance by means of a regulation being that the mobility rate within the EU at 0.29% is very low. According to the Commission's opinion, this is due to the lack of support from the existing networks. The European Commission also states in its introduction to the draft regulation that mobility

would bring social and economic benefits and should therefore be encouraged. It is probably true that professional and regional mobility increases an individual's opportunities on the labour market. However, it is not the case that higher levels of labour mobility in general bring social and economic benefits for all, because mobility that is forced by unemployment usually results in a large burden on families and social networks. In addition, those countries that experience emigration suffer a considerable brain drain, which in turn affects the growth opportunities, and contributes to a downward spiral.

The priority of national governments and of European bodies and institutions should, therefore, be on boosting employment and reducing high unemployment levels, either in individual countries or in the EU as a whole. This calls for more jobs, which would be offered by companies if overall economic demand were to increase and thus stabilise. With the current orientation taken by European economic policy, namely a rigid path of budgetary austerity and competition amongst the EU countries, this goal will not be achieved. Higher levels of labour mobility, forced by social deprivation, will not solve this problem, as already mentioned. Forcing thousands of Greek or Spanish persons who are unemployed to accept less attractive jobs in other countries cannot be a well-formed goal nor meet with success, if these people are actually seeking employment in their own home-

lands. Rather, this draft regulation is the expression of a socially irresponsible (neo-)liberal understanding of labour markets and a strong emphasis on the freedom of movement as a crucial element of European citizenship.

The increase in labour mobility in the EU envisaged by this Regulation is, however, for the aforementioned reasons, not per se a desirable goal and above all, should not be an end in itself.

Rather, it would be meaningful to remove any existing obstacles and barriers that prevent people who are interested in and ready for mobility looking for or accepting jobs in another country. The promotion of this type of voluntary labour mobility is one of the tasks of the EU. However, it involves a clear 'minority program', so it makes little sense to force all job seekers and all companies with vacancies to adopt this pattern of Europe-wide job placement.

In sub-segments of the labour market, closer cooperation between the relevant PESs is useful. Experience with the previous EURES network has shown both the usefulness and success of transnational cooperation and the limits of an EU-wide employment exchange. In light of the planned major changes, this draft regulation should, however, be viewed with extreme caution. The Commission has, in the explanatory notes to the proposed regulation, described four options for a redesign of the EURES network. The recommended option 3 is the one with extremely far-reaching changes and which was operationalised in the draft regulation. It is designed to be all-encompassing and will therefore, in our opinion, meet a lack of response or resistance from many of the actors on the labour market.

The content of option 3 appears to be particularly problematic especially with regard to the following three areas: the almost unconditional inclusion of private job agencies that, Europe-wide, would have access to the CVs of all job seekers; the expansion of the EURES objectives to include internships and apprenticeships; and the far-reaching information obligations that would be imposed on public employment services.

The AK position in detail

Chapter II, Article 7 - Expansion of EURES to include internships and apprenticeships

The draft regulation provides that in future apprenticeships and internships should also be mediated via EURES. The Chamber opposes this expansion, because this would probably entail the corrosion of social and socio-legal standards.

In principle, internships may only be completed as part of an employment relationship. However, there is no guarantee that internships would only be offered with the full protection given by labour and social security legislation. It is time to put a stop to the unfortunately common practice of young people going from one unpaid internship to the next, always in the hope of finding a permanent job. If the EURES network could help towards the placement of interns in the context of employment relationships, this would be something to be welcomed. However, the EC proposes to leave the tangible details in the hands of the Member States, thus providing no assurance that the necessary standards would be complied with. Therefore, the placement of internships via EURES should be rejected.

Regarding the inclusion of finding placements for apprenticeships, it must be stated that there are no uniform European standards that would guarantee the appropriate professional training as well as make provision for the necessary supervision. Because apprentices in Austria are mostly minor, the person in charge of the apprenticeship also has

a corresponding duty of supervision, whereby there is no provision for such supervision, neither in this regulation nor in any other Europe-wide regulation.

International training or training modules could be of interest, especially for 'older' apprentices who, e.g., have left a teaching post of school. Rather than automated matching, it would make more sense to have Europe-wide programmes available for a limited period of time in which trainees could participate, with support. And experiences from Germany show that 90% of apprenticeships outside Germany that are not supported are not completed. Therefore, the Federal Chamber of Labour proposes that instead of including the placement of apprenticeships in the catalogue of EURES services, similar projects should be developed under the Youth Employment Initiative.

Chapter II, Article 8 - Involvement of private employment agencies

Article 8 provides the basis for individual Member States to authorise institutions to participate in the EURES network as EURES partners, in accordance with the minimum common criteria in the Annex (Article 8, paragraph 4). There is no definition provided for applicant institutions, so that access to a wide range of relevant institutions could be granted, including private employment agencies.

The Chamber is explicitly opposed to a EU-wide partnership with private employment agencies.

There are several reasons for this:

- Job-seekers who contact the EURES network must be assured of the quality and reliability of the services. However, this cannot be guaranteed by the minimum admission criteria that are defined in the regulation. Rather, it is left to Member States to decide whether and, if so, which additional quality criteria they set for inclusion. Currently, these standards can actually only be guaranteed by public employment services.
- Private employment agencies usually only provide their services for a fee, which could lead to costs on the part of job seekers. At the same time, the EURES network is supported by government agencies, because the exchange of data would be carried out and financed by the national coordination offices (i.e. the public employment services), thus giving rise to a situation where private employment agencies were generating publicly subsidized profit.
- These - mostly for-profit - businesses thrive on the lack of transparency of the labour market and the specialization in certain niches or segments of the labour market. While in Austria the public employment services - AMS – has a very strong position in the market with its free services, in other EU Member States, there are other constellations and ‘market conditions’. The new draft regulation does not eliminate these differences, so that the new EURES system is hardly able to fulfil the most ambitious expectations.
- In our opinion, if the EURES network were nevertheless made available to private employment services, it is in our opinion essential that these private employment services share the costs of the necessary EURES infrastructure and furthermore, that there are no costs for job seekers; the regulation should make the necessary provisions accordingly. This should not, as proposed in Article 9 para 4 (a), be left to the Member States.
- In addition, in the event of the involvement of private employment agencies in the EURES network - an involvement that is rejected by the Federal Chamber - there should be provision to ensure that quality standards that are defined Europe-wide and their activities are continuously monitored.

Chapter III, Article 14,15 and 17 – Complete list of vacancies and CVs

Article 14 stipulates that in future Member States should submit all nationally available job vacancies as well as the CVs of job seekers to the EURES portal. The automated provisioning of CVs, although contingent on the consent of the relevant job seeker, is viewed nevertheless by the Federal Chamber highly critically.

Even more so as the Commission proposal intends to include private providers and is unable to guarantee in this respect satisfactory Europe-wide quality control. CVs contain sensitive personal data and information. The automatic transfer to a non-defined and non-transparent number of agencies and employers is questionable, both with regard to data protection legislation and in general. The storage of

job offers relating to individuals who are interested in moving to another country in the EURES database is fully sufficient. If anything, the approval of the jobseekers would be needed in a particular case. Automated data exchange is clearly too far-reaching.

Equally critical, is the requirement that all jobs must be provided automatically, regardless of the type and quality of employment. The draft regulation expressly provides that the provision of job offers should not be dependent on the nature and duration of the employment relationship and the specific recruitment intentions of employers. For job seekers, however, what that means is that they cannot rely on genuine employment relationships being offered - nor can they rely on the quality of the jobs offered.

Chapter IV, Articles 19 and 20 - The provision of recruitment services for businesses throughout Europe

Employment services should be obliged to assist employers here, to recruit employees from other countries. Such recruitment activities may be useful in individual cases, the resources - to assess the benefit effect, but must still be left to the national labour administration and the co-determining bodies. Especially if it opposes a mission to bring local job seekers back into the labour market.

The existing EURES infrastructure should not be turned into a pure recruitment site that takes on headhunter functions on behalf of companies.

The focus should continue to be on providing job seekers with serious and expert advice on the labour market and the legal situation when changing their place of work to another Member Sta-

te. EURES advisers should be able to give comprehensive information about the legal situation in the other Member State and in particular inform job seekers about the social and fiscal consequences of changing jobs in other Member States.

Chapter IV, Article 24 - Access to active labour market policies

Article 24 stipulates that access to labour market policies must be open to individuals who wish to take up employment in another Member State. The Federal Chamber of Labour rejects this access to active labour market measures in other Member States, irrespective of the jurisdiction of the respective labour market administration for the payment of unemployment benefits. In all countries, the principle of residence applies when caring for jobseekers. This principle must apply as long as the nation states continue to have divergent and complex labour market systems and there is no offsetting of costs EU-wide. However, the proposed EURES regulation would not honour this principle and would primarily entail organisational and budgetary consequences that are hard to predict. Therefore, the responsibility for labour market policy measures should in any case continue to remain with those employment services that are responsible for the payment of unemployment insurance benefit.

Chapter V - Information and data exchange between employment services

The draft regulation provides for far-reaching obligations on the part of the EURES partners to provide information and data on the basis of a coordinated national plan and to establish the necessary IT tools. Given the shortage of

resources experienced by the Austrian Labour Market Service, the amount of effort required to provide these services to a small group of interested people is not at all proportionate, which is why we rigorously reject this approach.

Should you have any further questions
please do not hesitate to contact

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