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REPORT

on effective labour inspections as a strategy to improve working conditions in
Europe
(2013/2112(INI))

Committee on Employment and Social Affairs

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on effective labour inspections as a strategy to improve working conditions in Europe (2013/2112(INI))

The European Parliament,

- having regard to the Treaty on European Union, in particular the preamble and Articles 3 and 6 thereof,
- having regard to the Treaty on the Functioning of the European Union, in particular Articles 6, 9, 145, 151, 152, 153, 154, 156, 159 and 168 thereof,
- having regard to the Charter of Fundamental Rights of the European Union, in particular Articles 1, 3, 27, 31, 32 and 33 thereof,
- having regard to the European Social Charter of 3 May 1996, in particular Part I and Part II, Article 3 thereof,
- having regard to the International Labour Organisation (ILO) fundamental labour standards and to its conventions and recommendations on labour administration and labour inspection (Conventions 81 and 129), which are an international benchmark for ensuring that legal provisions concerning working conditions and worker protection are applied,
- having regard to Convention 143 on migrant workers (1975) and the ILO's supplementary provisions on migrant workers, which provide for the adoption of all necessary and appropriate measures to suppress clandestine movements of migrants for employment and the illegal employment of migrants; having regard also to the provisions regarding the application of administrative, civil and penal sanctions in respect of the illegal employment of migrant workers,
- having regard to the Decent Work Agenda of the ILO,
- having regard to the ILO conventions and recommendations in the field of health and safety at the workplace,
- having regard to Regulation (EC) No 1338/2008 of the European Parliament and of the Council of 16 December 2008 on Community statistics on public health and health and safety at work¹,
- having regard to Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work (framework directive)² and to its individual directives,
- having regard to Directive 2003/88/EC of the European Parliament and of the Council of

¹ OJ L 354, 31.12.2008, p. 70.

² OJ L 183, 29.6.1989, p. 1.

4 November 2003 concerning certain aspects of the organisation of working time¹,

- having regard to the resolution of the Council and the representatives of the Member States, adopted in the Council meeting of 22 April 1999 on a Code of Conduct for improved cooperation between authorities of the Member States concerning the combating of transnational social security benefit and contribution fraud and undeclared work, and concerning the transnational hiring-out of workers²,
- having regard to Council Directive 1999/85/EC of 22 October 1999 amending Directive 77/388/EEC as regards the possibility of applying on an experimental basis a reduced VAT rate on labour-intensive services³,
- having regard to Directive 2009/52/EC of the European Parliament and of the Council providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals⁴,
- having regard to the Commission Communication of 24 October 2007 entitled Stepping up the fight against undeclared work (COM(2007)0628),
- having regard to the Commission Communication of 24 October 2007 on the Outcome of the Public Consultation on the Commission's Green Paper 'Modernising labour law to meet the challenges of the 21st century' (COM(2007)0627),
- having regard to the Commission Communication of 3 March 2010 entitled 'EUROPE 2020 A strategy for smart, sustainable and inclusive growth' (COM(2010)2020), and to its main objective which is to increase employment levels to 75 % by the end of the decade in the European Union,
- having regard to its resolution of 15 December 2011 on the mid-term review of the European strategy 2007-2012 on health and safety at work⁵,
- having regard to its resolution of 9 October 2008 on stepping up the fight against undeclared work⁶,
- having regard to its resolution of 23 May 2007 on promoting decent work for all⁷,
- having regard to its resolution of 11 July 2007 on modernising labour law to meet the challenges of the 21st century⁸,
- having regard to its resolution of 26 October 2006 on implementation of Directive

¹ OJ L 299, 18.11.2003, p. 9.

² OJ C 125, 6.5.1999, p. 1.

³ OJ L 277, 28.10.1999, p. 34.

⁴ OJ L 168, 30.6.2009, p. 24.

⁵ OJ C168 E, 14.6.2013, p. 102.

⁶ OJ C 9 E, 15.1.2010, p. 1.

⁷ OJ C 102 E, 24.4.2008, p. 321.

⁸ OJ C 175 E, 10.7.2008, p. 401.

96/71/EC on the posting of workers¹,

- having regard to its resolution of 26 March 2009 on the social responsibility of subcontracting undertakings in production chains² ,
- having regard to its resolution of 23 May 2013 on labour conditions and health and safety standards following the recent factory fires and building collapse in Bangladesh³ ,
- having regard to the Integrated Guidelines for growth and jobs (2008-2010) (COM(2007)0803),
- having regard to the Council Recommendation of 22 December 1995 on harmonising means of combating illegal immigration and illegal employment⁴,
- having regard to the Council Recommendation of 27 September 1996 on combating the illegal employment of third-country nationals⁵,
- having regard to the report by the European Foundation for the Improvement of Living and Working Conditions (Eurofound) on tackling undeclared work in the European Union,
- having regard to the Special Eurobarometer on undeclared work,
- having regard to the study ‘ICENUW – Implementing Cooperation in a European Network against undeclared work’ (2010),
- having regard to the study ‘CIBELES: Convergence of Inspectorates building a European Level Enforcement System’,
- having regard to the study on ‘Indirect measurement methods for undeclared work in the EU’ (2010),
- having regard to the study on ‘Feasibility of establishing a European platform for cooperation between labour inspectorates and other relevant monitoring and enforcement bodies with the aim of preventing and fighting undeclared work’ (2010, Regioplan),
- having regard to the judgement of the European Court of Justice of 19 December 2012, C-577/10, European Commission v Kingdom of Belgium,
- having regard to Rule 48 of its Rules of Procedure,
- having regard to the report of the Committee on Employment and Social Affairs (A7-0458/2013),

A. whereas labour inspection plays an important role in protecting employees’ rights,

¹ OJ C 313 E, 20.12.2006, p. 452.

² OJ C 117 E, 6.5.2010, p. 176.

³ Texts adopted, P7_TA(2013)0230.

⁴ OJ C 5, 10.1.1996, p. 1.

⁵ OJ C 304, 14.10.1996, p. 1.

ensuring health and safety at the workplace and combating unsafe working environments, preventing breaches of employment protection rules and promoting fair and socially responsible economic growth, inasmuch as it helps to ensure that wages are actually paid and social security contributions are made, thus increasing tax revenue and the inflow of money to social security systems and ensuring that employees are covered for sickness, accidents at the work place and pensions;

- B. whereas Member States employ a range of models in delivering different specific inspections of the workplace;
- C. whereas there is a growing need for labour inspection in connection with the posting of workers around Europe;
- D. whereas labour inspection plays a key role in ensuring that rights are turned into reality by ensuring that laws are respected, actors know their rights and obligations, and accidents as well as abuse can be prevented;
- E. whereas labour inspections should be stepped up at SMEs and on small construction sites;
- F. whereas the responsibility of multinational companies for the working conditions, livelihood and health of the workers who produce goods and provide services does not end at the shop door or the factory gate, nor can it be guaranteed by agreements on corporate social responsibility (CSR) alone;
- G. whereas the outsourcing of work through subcontracting and temporary agency work often involves less skilled labour, and looser employment relationships, which makes it more difficult to determine who has responsibility for occupational health and safety (OHS);
- H. whereas undeclared work has negative consequences for Member States' economies and for the financial sustainability of the European social model, undermines the funding and provision of social benefits and public services, and imposes insecurity, vulnerability and poverty on the people concerned, both while they are working and in their old age;
- I. whereas labour inspectors play an essential role in protecting workers' rights, preventing abuses and promoting economic and social development;
- J. whereas one consequence of the economic crisis has been increasing workloads, placing workers under additional pressure, especially through changes in working hours, and whereas efforts to monitor working conditions must therefore be stepped up;
- K. whereas new types of employment relationship, which are increasingly hard to provide for under the existing regulations, continue to emerge;
- L. whereas irregularly employed workers suffer from secondary negative consequences such as a lack of access to information, occupational health services and training, and the psychological constraints imposed by the fear of having an accident or being caught, which in return affects the productivity of companies and the economy as a whole, as well as from long-term consequences such as having no right to old-age pension or having very

low pension benefits, leading to a higher poverty risk;

- M. whereas undeclared work distorts competition in the single market as it allows certain companies to compete unfairly against others;
- N. whereas the consolidation of a genuine common market is intrinsically linked to the elimination of all forms of social dumping;
- O. whereas undeclared work currently accounts for 18.8 % of GDP in the EU 27 and for over 30 % in certain countries;
- P. whereas, in many Member States, the incidence of undeclared work is still on the increase, inter alia as a result of the crisis;
- Q. whereas measures on whistleblowing are necessary to facilitate the detection of abuse and to ensure the protection of the whistleblower, and whereas the EU and the Member States have a duty to provide full protection for whistleblowers;
- R. whereas 168 000 European citizens die every year from work-related accidents or diseases and 7 million are injured in accidents¹;
- S. whereas risk prevention is key to reducing the rate of work-related accidents and sickness; whereas good occupational health and safety management has a positive effect at both national and European level and for companies;
- T. whereas inspection systems to a greater or lesser degree lack the staff and funding necessary for conducting labour inspections effectively; whereas, as a result, there is too little strategic human-resources planning for labour inspection authorities in the EU, their staff numbers are steadily declining in many countries and, at the same time, the inspectors' work is becoming ever more complex;
- U. whereas fragmentation of the employment market, combined with uncontrolled and unregulated expansion of certain employment arrangements in some Member States, is depressing pay levels substantially and thereby creating a situation likely to aggravate further the problem of undeclared work;
- V. whereas the sectors in which undeclared work is most prevalent are highly-labour intensive ones, such as construction, security, cleaning and domestic services, and residential and care services, characterised by insecure conditions of employment and remuneration;
- W. whereas there is a close connection between irregular immigration and undeclared work since people resident in Europe illegally are not allowed to take up normal employment and are therefore not covered by any protection system;
- X. whereas workers who do undeclared work have no social security, health or accident insurance, and are thus at increased risk of personal financial loss;

¹ *EU-OSHA*.

- Y. whereas labour inspection of cross-border services and employment relationships is a matter of cross-border concern, and cross-border access to data is inadequate;
- Z. whereas many workers doing undeclared work find themselves in that situation not of their own volition but because they have been coerced;

I. Inspection measures at national level

Principles for effective labour inspection

1. Highlights the fact that while labour inspection is a public service task which should only be carried out by independent public bodies, this should not preclude labour inspections being assisted by representatives of the social partners; believes that the independence of OHS services vis-à-vis the employer must be guaranteed; considers, as far as occupational health is concerned, that monitoring, alerts, health expertise and the provision of sound health-related advice can only be handled by independent health and safety professionals; considers it regrettable that the management of OHS is still being carried out, in certain Member States, by employer associations; stresses that the inspection and monitoring of occupational health need to be handled by independent inspectors trained in health and safety;
2. Stresses the importance of drawing up national action plans for strengthening labour inspection mechanisms, and for financing them through the European Structural Funds, in view of the added value of effective labour inspections in underpinning social cohesion and, in general, consolidating justice at the workplace;
3. Points out that labour inspectorates have a vital role to play in prevention and monitoring and also help to enhance expertise and information provision at company level; urges the Member States to increase the staffing levels of, and the resources available to, their labour inspectorates and to meet the target of one inspector for every 10 000 workers, as recommended by the ILO, as well as to impose more severe penalties on firms that fail to comply with their obligations concerning fundamental rights (salaries, working hours and OHS); considers that the penalties in such cases must be effective, proportionate and dissuasive;
4. Points out that all categories of worker, employed or self-employed and irrespective of their status, employment relationship or origin, come under the responsibility of the national inspection authorities and must enjoy the same degree of protection; stresses that attempts to limit the scope of labour inspection may have a negative impact on employees' health and safety, as well as on their rights;
5. Stresses the need to enhance the role of national labour inspectorates, provide training for their senior staff and coordinate their responsibilities so as to meet successfully the new inspection challenges;
6. Considers that labour inspection can be effective only if the relevant authorities are adequately funded and have enough staff; voices its concern at the understaffing of Member States' inspection authorities and the lack of further training, in particular on Europe-wide issues; calls on the Member States to strengthen their inspection systems as this should be an essential part of national plans to respond to the economic crisis; points

out that labour inspections play a vital role by verifying that legislation in force is fully implemented as well as by ensuring that especially vulnerable workers are covered and protected;

7. Points to the need for uniform training of labour inspectors and others in this field, with a view to tightening up enforcement of EU labour law;
8. Stresses that the financial reforms being carried out in certain Member States must under no circumstances result in reductions of the manpower, funding, and material and technical infrastructural resources of labour inspectorates;
9. Points out that legal obligations and employee demands appear to be the two main reasons why employers introduce prevention policies¹;
10. Believes that without adequate risk assessment it is impossible to protect workers properly; believes that SMEs need to be helped to set up risk prevention policies; stresses the positive role played by simple, free and targeted initiatives, such as the Online interactive Risk Assessment (OiRA) developed by the European Agency for Safety and Health at Work (EU-OSHA);
11. Reminds the Member States that they have all signed and ratified International Labour Organisation Convention No 81 on labour inspection; calls on them accordingly to enforce the Convention's principles;
12. Stresses that labour inspections are effective also if they are made without notice, are repeated and are targeted randomly; points out that for penalties to be effective they must be set so as to ensure that employers cannot gain from circumventing existing wage agreements or laws and regulations;
13. Points out that labour inspection findings must be accompanied by clear deadlines for action so that abuses can be prevented quickly and victims protected at an early stage;
14. Points out that labour inspectors in the Member States must be authorised to conduct on-site inspections, use smart inspection tools and work in coordination with all relevant authorities, must have an appropriate remit and must work independently;
15. Calls on the Member States, in cases where labour inspectors uncover abuse, or when whistleblowers bring cases of abuse to the attention of labour inspectors, to protect the workers concerned as well as any whistleblowers involved, and to enable them to assert their rights at no cost; points out that measures to that end, such as a direct or collective right of complaint, are effective means of protecting persons affected and whistleblowers; calls on the Member States to adopt measures to protect whistleblowers and their families in order to facilitate the detection of abuse; stresses that it is important that migrant workers in an irregular situation are protected and that this should be one of the areas of concern; reminds the Member States, in this context, of the ILO Migrant Workers (Supplementary Provisions) Convention (No. 143) from 1975;

¹ *EU-OSHA, Esener survey, 2009.*

16. Calls on the Member States to enforce legal provisions with sanctions commensurate with the seriousness of the offence and to sanction dissuasively the non-respect of working conditions; stresses that research has indicated clearly that, in terms of improving working conditions, the highest impact is achieved by strong, well-coordinated prevention measures and inspections at an early stage, inter alia by providing employers with information and advising them or by registering undeclared workers retroactively;
17. Points out that a system of electronic networking of all relevant social security authorities, along the lines of the Belgian ‘Crossroads Bank for Social Security’¹, making it easier for them to exchange data, is a useful tool for giving national labour inspectorates access to data they need in order to make inspections;
18. Highlights that labour inspections face certain challenges as regards inspections where migrant workers and posted workers from the EU and third countries are concerned; stresses that, for labour inspections to be effective, it is important that labour inspections are sufficiently aware of situations with a high risk of non-compliance; points out that national-level electronic systems for the compulsory advance registration of foreign workers by employers could substantially facilitate the task of labour inspection;
19. Points out that there is an important role to be played by the social partners in accordance with national laws and practices in seeking to ensure that the existing rules are observed; calls on the Member States to ensure the involvement of the social partners in the design and formulation of national labour inspection plans and in the labour inspections themselves;
20. Advocates the creation of additional, tripartite, sectoral inspectorates representing government, workers and employers, and, as a pilot initiative, calls for these to be brought into operation in those Member States with the highest levels of undeclared work;
21. Notes that fewer labour inspections are conducted in rural areas; calls on the Member States to ensure that rural regions are properly covered;
22. Points out that it is common that the working conditions of employees on fixed-term contracts are less adequate than those of permanent employees; notes that, in order for contract work to be subject to proper inspection, the rights of inspectors to inspect companies that provide contract labour must be extended, and inspections must cover the observance of rules on rates of pay and working conditions, as well as the application of minimum wages where required by Member State law or national collective agreements; insists that the prevention of workplace health and safety problems be accorded the same degree of attention in the private and public sectors; points out that observance of the principle of non-discrimination is compulsory; states that it must be made possible for workers on temporary contracts to find out about their rights, including as regards pay rates, via an on-line service or website;
23. Expresses concern about the situation of seasonal agricultural workers, most of whom are from third countries; believes that labour inspection in this sector is being stepped up; points out that employment in the sector is largely characterised by a mixture of declared

¹ <http://www.ksz.fgov.be/en/international/page/content/websites/international/aboutcbss.html>.

and undeclared work;

24. Points out that while workers who provide domestic services often are undeclared, or enjoy fewer rights than other workers, in many instances this situation lies outside the remit of the national inspection authorities; calls on the Member States to ratify ILO Convention No 189 and, in line with this convention, develop and implement measures for labour inspection, enforcement and penalties, with due respect for the special characteristics of domestic work, in accordance with national laws and regulations; stresses that, in compatibility with national laws and regulations, such measures should specify the conditions under which access to household premises may be granted, with due respect for privacy;
25. Draws attention to the specific situation of home workers and teleworkers who, during work at home or outside the regular place of work, may also be the subject of labour law abuses, whereby employers fail to carry out their legal obligations to these workers;
26. Underlines that particular attention should be paid to the transport sector which, owing to its mobile character, may pose additional challenges for labour inspectorates; calls for labour inspectorates to be equipped with adequate means to undertake effective inspections in this sector;
27. Deplores the problematically high incidence of bogus self-employment, particularly in the construction and meat processing sector, including under arrangements for the posting of workers; calls on the Member States to introduce appropriate inspection measures to combat bogus self-employment, for example by laying down criteria to determine what constitutes employment, so that labour inspectors can distinguish between bogus and legitimate self-employment; states that, with a view to preventing bogus self-employment, measures should be taken to allow Member States to introduce more far-reaching requirements or control measures;
28. Takes the view that the emerging green jobs sector requires specific attention; calls for environmental impact assessments of, and studies to be conducted into, the toxicity of eco-materials and the working conditions of people working with equipment used for the production of renewable energy (manufacture, use, maintenance and recycling);

Undeclared work

29. Calls on national labour inspectorates and other relevant authorities to draw up action plans to combat undeclared work, covering all forms of abuse pertaining to employment and self-employment; underlines that undeclared work, if not properly dealt with, threatens to undermine the EU's ability to meet its employment targets for more and better jobs, and stronger growth;
30. Expresses great concern at the extreme vulnerability of migrant workers with irregular or unauthorised status, as they risk being exploited in undeclared work of low standards, with low wages and long working hours in unsafe working environments; underlines that any cooperation between labour inspectors and immigration authorities should be limited to identifying abusive employers, and should not give rise to sanctions against, or expulsions of, the migrant workers concerned, as this would actually undermine the efforts to address

undeclared work;

31. Considers that where national labour inspectorates are responsible for dealing with migrant and posted workers, training programmes for labour inspectors should include specific modules on such issues as well as on undeclared work and human trafficking, as these issues are strongly linked, and should also contain language modules, where relevant;
32. Considers that penalties will be effective only if employers cannot gain from employing undeclared workers because, in doing so, they would stand to lose substantially more than the cost of taking on registered employees;
33. Recognises that there is a growing trend towards bogus self-employment, outsourcing and subcontracting, which may lead to an increase in precarious jobs and a further deterioration of the already low protection levels for undeclared workers; believes that systems of general contractor liability could serve as useful tools for increasing compliance with labour standards throughout the whole production process, and that consideration should be given to the introduction of such systems in all Member States, while acknowledging that checks by labour inspectors remain essential;

Employment protection – workplace health and safety

34. Draws attention to the problem of implementing workplace health and safety rules in instances where employees do undeclared work; stresses that the right to health and safety protection in the workplace applies to every employee and to every self-employed person, and that improved implementation of the existing rules will give substance to that right; suggests that the Member States look into the possibility of offering confidential medical check-ups for all workers, conducted free of charge once a year or once per contract, in order to give them basic protection;
35. Advocates stiffer penalties for companies that fail to meet their obligations in relation to employees' basic rights, and considers that such penalties must have a sufficiently deterrent and dissuasive effect to ensure that employers shall by no means profit from circumventing the existing rules on employment and health protection; calls on Member States to consider in their sanction-setting systems to make the level of fine proportionate to the damage as well as to ensure that it is above the profit gained from the circumvention;
36. Points out that the Europe 2020 strategy draws attention to the need for more women on the labour market, and considers that workplace inspectors should have knowledge of the working conditions of both women and men;
37. Calls for these penalties to apply as well to companies found to be blacklisting workers for their activities as trade union or health and safety representatives;
38. Calls for national trade supervisory authorities to be supported in implementing an efficient system of labour protection at company level, especially in small and medium-sized enterprises; urges the Member States to ensure that inspections are more closely geared to identifying practical and feasible solutions to workplace health and safety

shortcomings;

39. Endorses the useful work which the Senior Labour Inspectors' Committee (SLIC) is doing to bring national cultures closer together; calls for the committee's resources and powers to be strengthened; calls for closer cooperation between the SLIC and the Luxembourg Advisory Committee; takes the view that the Commission's Advisory Committee on Safety and Health at Work should regularly be updated on developments in the Member States in the field of labour inspectorates and health and safety at work;
40. Takes the view that these health and safety aspects should also be taken into account in the forthcoming EU strategy on safety and health at work; calls on labour inspections to intensify well-targeted prevention and education initiatives aimed at increasing the awareness of health and safety rules and procedures among citizens; calls on the Commission and the Member States to speed up implementation of REACH, in particular the substitution of the most worrying chemicals; considers that work-related diseases should be taken into account in the prioritisation of these substances;

II. EU-level policy recommendations

Swifter, more efficient cross-border exchanges of information

41. Considers effective cooperation between national authorities and the social partners to be important in the effort to end social dumping and ensure that competition in the single market is fair; welcomes the Commission's initiative to create a European Platform for labour inspectors; calls, in this regard, on the Commission to establish a European Platform for labour inspectors on undeclared work within Eurofound, with a remit – as an additional task for the agency – to organise the work of the Platform and facilitate the exchange of experiences and good practices, to provide up-to-date, objective, reliable and comparative information, to enhance cross-border cooperation and to identify and keep a record of letter-box companies and similar operations;
42. Calls on the Commission, in cooperation with the social partners and relevant national authorities, without prejudice to the principle of subsidiarity, to devote adequate human resources for cross-border matters concerning the abuse of employment protection rules and undeclared work – with a remit including, inter alia, the identification of letter-box companies and the control of transnational service providers – and to develop EU-wide further-training programmes for inspectorates that address challenges such as bogus self-employment and posting, the identification of new ways of circumventing the rules and the organisation of cross-border controls; recommends, in addition, that national inspectorates carry out occasional, joint cross-border inspections, particularly in areas close to border zones;
43. Calls on the Commission to investigate the benefits of introducing, and – if appropriate – to make available, a forgery-proof European social security card or other EU-wide electronic document, on which could be stored all the data needed to verify the bearer's employment relationship, such as details on his or her social security status and working hours, and which would be subject to strict data-protection rules, particularly where privacy-sensitive personal data is processed; stresses, therefore, the importance of carefully examining, before and during the development of such a card, the impact it

would have on privacy;

44. Calls on the Commission to carry out a pilot project for a European early-warning system aimed at signalling breaches of employment protection rules and instances of undeclared work that would promote the rapid exchange of information between Member States, and that would be accompanied by a blacklist so that breaches of employment protection rules could more effectively be nipped in the bud; points out that such an early-warning system could be modelled on the existing European consumer-protection early-warning system (RAPEX); stresses that breaches of the rules must be documented accurately, through a systematic recording of inspection findings, so that targeted action can be taken against abuses;
45. Considers that increased cooperation, and sharing of information, among Member States in combating undeclared work can offer significant European added value; emphasises that this would underpin EU legal initiatives on undeclared employment in a useful way, promote the exchange of best practices and improve coordination between labour inspectorates from different countries;
46. Points out that in certain cross-border situations the right of national inspection authorities to carry out inspections within non-national companies has been severely restricted, and that this has endangered both the protection of the worker and the level playing field; calls for employee posting information, such as A1 posting certificates, not to be retroactive, and for them to be entered into an EU-wide register that should complement existing national registers and be made available to authorities throughout the EU in order to facilitate the control, at national level, of employment relationships among posted workers on a multilingual basis; states that, in this connection, more efficient cross-border exchange of information between the various competent authorities is of major importance; calls on the Commission and the Member States to ensure that labour inspections can make full use of their right to non-discriminatory independent inspections in cross-border situations, regardless of the place of establishment of the company;
47. Points out, in connection with the enforcement directive on the posting of workers, that documents must be translated, irrespective of their length, where this is called for during an inspection;

New legal initiatives at EU level

48. Highlights the lack of emphasis, in existing social security and employment directives, on improved implementation and on the role of labour inspectorates; considers that the existing directives need to be thoroughly reviewed and revised, where necessary, and that the matter of enforcement must be addressed in a better way in European labour law; welcomes, in this context, the Commission's proposed minimum standards of inspection in directives relating to certain groups of workers; stresses that the role of labour inspectorates, and of the social partners, needs to be taken into account in social security- and employment-related matters in such a way as to permit effective protection;
49. Calls on the Member States and the Commission to promote the voluntary introduction of higher labour standards by companies through the establishment of a system of free-of-charge 'social labels' that are recognised at national or EU level;

50. Points out that in some Member States there are children under 14 years of age that have jobs; considers that the role of labour inspectors must be strengthened and that campaigns against child labour must be stepped up; calls on the Commission to put in place specific EU-level control and monitoring campaigns focusing on the working conditions of young persons, in particular young migrants;
51. Calls on the Commission and the Member States to ensure that procedural rights and enforcement rights, such as those indicated in the proposal for a directive on measures on facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers, are available to all workers;
- (52. Considers it important, in relation to mobile workers, that national labour inspectorates – and, where applicable, employee organisations – should be able to conduct inspections in every instance in which they deem it needful to do so; observes that the Member States must ensure that effective checks and monitoring mechanisms are introduced in their territory in order to control and monitor compliance with the provisions and rules laid down in relevant directives;
53. Calls on the Commission to design and provide the Member States with guidelines on best practices, and to facilitate cooperation and the exchange of information among them, so that they are able to scrutinise and control the activities of temporary work agencies more effectively; stresses that the Member States should increase their comprehensive inspections of temporary work agencies, and should consider introducing measures whereby such companies could be made subject to certification and reporting obligations;
54. Calls on the Commission, without prejudice to the principle of subsidiarity, to propose a green book underpinning the role of labour inspectors and laying down EU labour-inspection standards and uniform training requirements in this area, while taking into account the differences between national labour markets;
55. Calls on the Commission to identify better ways of tackling instances of social dumping in the EU and to propose appropriate instruments in this regard; points out that competition policy is implemented at European level; considers that, by the same token, measures to combat social dumping should be included in EU competition law, and that the introduction of such measures should be accompanied by a provision enabling the Commission to implement them;
56. Instructs its President to forward this resolution to the Council, the Commission and the national parliaments of the Member States.

EXPLANATORY STATEMENT

The economic and social changes of the last decades are having a dramatic impact in the world of work. Globalisation of world economy has impacted negatively in traditionally safe and fair labour relations. Subcontracting, outsourcing, precariousness, work intensification and employment insecurity are damaging the quality of employment in Europe.

This erosion of employment relationships is accompanied by the phenomenon of non-respect of labour law and workers' rights. The EU is seeing itself increasingly confronted with undeclared work and the shadow economy.

While the shadow economy hinders a society's scope for development, undeclared work produces a category of marginalised workers very likely to experience financial and social hardship. Not having any income and social insurance security, undeclared workers have difficulties in planning a family and future, as basic needs, such as finding an accommodation, are impeded. They cannot contribute and therefore not profit from the social security systems to the full extent and usually receive lower wages in the sector. This is not only a threat to the individual person, but also to the wages of the declared staff having to compete with lower payments.

Undeclared work and the shadow economy have harmful consequences for the economy as a whole, by having implications on the quality of products and services, the productivity of the companies and by promoting unfair competition in the single market via lost tax revenues through tax evasion and non-payment of contributions. But it also has a direct impact on the society, as it concerns working conditions, safety in the workplace, exploitation of vulnerable categories such as immigrants, young people, women, low-skilled or poorly qualified workers, non-payment of national insurance contributions and its implications in terms of pensions and social cover.

Undeclared work is also a threat to companies. Higher motivated employees are more productive and deliver higher work quality. Motivation rises from the feelings of being appreciated, treated fairly and of the feeling of security. Undeclared workers do not get the appreciation, fair treatment and sense of security as declared workers, mostly they have lower wages and are easy to replace.

Especially in times of crisis, where the European governments and the European Commission call for budget consolidation, the fact that the extent of undeclared work amounts to 18,8% of the total GDP in the EU27, in some countries even above 30%, needs to be considered. Budget consolidation can only be successful, if the public finances are not deteriorated by practices of unfair competition.

This report intends to point out the role of labour inspection systems in the fight of undeclared work in the EU. Currently all forms of combating undeclared work involving labour inspectorates are experiencing difficulties in many Member States as funding for labour inspection has been reduced as a cost saving measure.

This is why this report highlights the problems labour inspectorates face in the European Union and gives policy recommendations to tackle undeclared work and help the

inspectorates to work more effectively.

Labour inspection is a fundamental part of labour administration. An effective labour inspection able to confront the challenges of a changing labour market is an essential part of good governance. Labour inspectors are essential to the enforcement of employee's rights, the prevention of abuses by unscrupulous employers and the promotion of economic and social development. They help make decent work a reality and provide pointers of socio-economic trends in society. The economic crisis cannot be an obstacle but an incentive to improve and reinforce labour inspections in order to ensure workers protection.

The report is divided in two parts. Firstly the focus is set on the national level, as the tasks of labour inspections are still carried out by national authorities.

The rapporteur lays down principles for effective labour inspections in the Member States. The report defines the role and the scope of labour inspections. It is emphasised that **every category of worker needs to be covered by labour inspections**, which constitutes a main demand.

Furthermore it points out the **protection of the abused workers**. In many countries undeclared workers experience difficulties in the demand of their rights. It must be clear that the payment of employees has a priority over the public returns through fines to the unlawful employer.

In addition the report lays down some best practice examples in the Member States, which could constitute an added value for labour inspectorates in other countries. In the effort to combat undeclared work effectively some Member States introduced **innovative systems** of cooperation with other authorities as well as registration systems for mobile workers.

Moreover **vulnerable groups**, such as self-employed, temporary agency work or domestic workers are highlighted, where undeclared work is notably spread and posing difficulties for national labour inspectorates due to their complex employment situation.

Secondly the report intends to focus on the European level, highlighting policy recommendations to promote cross-border cooperation of the national authorities and new legal initiatives to strengthen the role of labour inspections.

In pursuance of having an effective labour inspection in monitoring the application of labour law, Europe needs more than soft law to ensure that employment in Member States will be decent, stable, healthy and safe. This report tries to draw attention about the urgent need of legally binding measures to enforce the protection of workers and the employment and the implementation of fundamental labour and social rights. This has to start by strengthening fundamental labour and social rights in the single market and by working to promote fair competition and workers rights. This principle must be laid down in primary EU legislation adopting a social progress protocol to safeguard basic social rights from any negative consequences of national reforms and austerity measures.

Effective labour law at EU level will result in effective labour inspections able to enforce the clear and binding principles set up in labour legislation. In the context of the Single Market, where social dumping and labour exploitation are serious problems affecting thousands of

workers and companies' competitiveness, especially SMEs, EU legislation has to be put in place to protect workers and labour inspection at EU level needs to operate in order to monitor and enforce it.

One of the main problems consists in the labour inspections of cross-border employment relationships. National authorities experience difficulties in accessing important information from the authorities in the country of origin as well as to understand the employment relation that is often embedded in a long subcontracting chain.

The rapporteur greets the Commission initiative to create a European Platform for labour inspectors. The rapporteur moreover sees the need to introduce additional measures to tackle undeclared work in a cross-border context.

One recommendation is to introduce a **European agency dealing with all kind of cross-border matters** within the field of labour inspections. This could for example cover the control of transnational service providers as well as letter box companies, the introduction of specialised European training programmes and the organisation of cross-border controls.

Another suggestion lies in the introduction of a **European social security card**, where all the necessary data, such as working time or social security are stored. This permits the labour inspector to review all the necessary data on the spot. Such a card has already been a pilot project in the construction sector and has therefore already been tested. Sweden already implemented a card like this in the construction sector and experienced an easier and highly effective way to control workplaces and facilities. Inspectors are given detectors which can read the information on the cards very quickly and without big effort. Luxembourg established a similar system in January 2013.

Moreover the rapporteur suggests introducing an **early warning system**, which allows the exchange of information between the national authorities in case of fraud or illegal exploitation practices of companies. Such a system has already been put in place in the field of consumer protection (RAPEX) and results in the prevention of abuse.

In addition, the report lays down new possible legal initiatives. While in the area of health and safety at work, the European laws and European Institutions make labour inspection more effective and coordinated at EU level, this is not the case in the area of working conditions and workers rights protection.

The introduction of new directives could be thinkable, on the one hand to strengthen the role of labour inspectors, on the other hand to allow for a better control of placement agencies. Furthermore the rapporteur points out that whereas there is an effective competition policy at European level, successfully enforced by the European Commission in case of unfair competition practices by companies, there is no enforcement of anti social dumping rules at EU level. The reports points out that undeclared work is also a way to distort the competition in the single market and should be criminalised. It is therefore requested to introduce **anti social dumping provisions in the Treaty**, that give the European Commission the competence to pronounce sanctions in order to safeguard them.

Another area where a legal action is needed at EU level is the regulation of new forms of work and atypical work, establishing a clear and binding definition of employee at EU level,

in order to fight one of the most extended practices of labour law circumvention: bogus self-employment. This will be an important tool for labour inspectors to determine whether companies are unlawfully using this practice.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.11.2013
Result of final vote	+: 22 -: 13 0: 0
Members present for the final vote	Heinz K. Becker, Phil Bennion, Pervenche Berès, Vilija Blinkevičiūtė, Alejandro Cercas, Derek Roland Clark, Minodora Cliveti, Emer Costello, Frédéric Daerden, Sari Essayah, Richard Falbr, Nadja Hirsch, Stephen Hughes, Ádám Kósa, Jean Lambert, Patrick Le Hyaric, Verónica Lope Fontagné, Olle Ludvigsson, Csaba Óry, Konstantinos Poupakis, Sylvana Rapti, Elisabeth Schroedter, Nicole Sinclair, Jutta Steinruck, Ruža Tomašić, Traian Ungureanu
Substitute(s) present for the final vote	Georges Bach, Jürgen Creutzmann, Jelko Kacin, Martin Kastler, Anthea McIntyre, Birgit Sippel, Csaba Sógor
Substitute(s) under Rule 187(2) present for the final vote	Jolanta Emilia Hibner, Sławomir Nitras