

EUROPEAN UNION



Committee of the Regions

SEDEC-VI/002

4th SEDEC Commission meeting, 25 June 2015

DRAFT OPINION

**Commission for Social Policy, Education, Employment,
Research and Culture**

Standards of remuneration in employment in the EU

Rapporteur: **Mick Antoniw** (UK/PES)
Assembly Member for Pontypridd

This document will be discussed at the meeting of the **Commission for Social Policy, Education, Employment, Research and Culture** to be held **from 11 a.m. to 5 p.m. on 25 June 2015**. To allow time for translation, any amendments must be submitted through the online tool for tabling amendments (available on the Members' Portal: <http://cor.europa.eu/members>) **no later than 3 p.m. (Brussels time) on 12 June 2015**. A user guide is available on <http://toad.cor.europa.eu/CORHelp.aspx>.

Reference document

Draft opinion of the Commission for Social Policy, Education, Employment, Research and Culture – Standards of remuneration in employment in the EU

I. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

Legitimacy of debate

1. recalls that according to a Eurobarometer survey of attitudes of citizens to poverty, the vast majority (73%) consider that poverty is a widespread problem in their country and want urgent action nationally (89%) and at EU level (74%) to tackle the problem¹;
2. affirms that the right of a worker to earn an equitable wage is laid down in the European Social Chapter, which has been ratified by all EU Member States;
3. notes the Recommendations made by the Council to recognise the basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity; to guarantee a decent standard of living; and to modernise and improve social protection²;
4. is convinced that the democratic legitimacy of the European Union can only be addressed if Europe's citizens believe that social progress is also being addressed and that the employment and social dimension is fully integrated into the yearly cycle of economic policy coordination (the European Semester);
5. recalls that the EU has committed to achieving the UN Millennium Development Goals and complying with the Resolution proclaiming the Second United Nations Decade for the Eradication of Poverty (2008-2017);
6. takes note that the ILO Convention C94 on Labour Clauses in public contracts is currently binding in nine EU Member States, and applied voluntarily in others, and suggests that Member States should be encouraged to ratify the Convention and follow its principles so that lowest cost or lowest price criterion are not used excessively³;
7. welcomes the comments made by the Commission President, Mr Juncker, in the Opening Session of the European Parliament on 15 July 2014 with regard to the issue of a minimum wage and basic guaranteed income.

¹ Special Eurobarometer Report Poverty and Social Exclusion (2010).

² Council Recommendation [92/441/EEC](#) of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems.

³ Opinion of the European Economic and Social Committee on the Proposal for a Directive of the European Parliament and of the Council on procurement by entities operating in the water, energy, transport and postal services sectors.

Minimum Wages and Decent Wages

8. affirms that poverty and social exclusion are violations of people's fundamental human rights and maintains that all Member States should ensure adequacy of income over the life cycle;
9. emphasises the urgency of this issue given that poverty and social inequalities have worsened since the crisis, and that the austerity policies imposed in some Member States have exacerbated the problem; the numbers at risk of poverty have increased, with women and children disproportionately affected; moreover, the Europe 2020 target seems out of reach as the number of people at risk of poverty increased from 114 million in 2009 to 124 million in 2012⁴;
10. welcomes the fact that all EU Member States have either universal and statutory minimum wage regimes or sectoral regimes which are agreed through collective bargaining;
11. underlines that minimum wage regimes are the floor and regrets that in some countries the level set is below 50% of the median wage, which from the standpoint of the poverty threshold would be defined as a "poverty wage";
12. affirms that collective bargaining is an effective way of setting minimum wages but recognises that in many sectors and SMEs, sectoral agreements do not exist and that therefore some workers are excluded which should not be the case;
13. maintains therefore that the goal should be for governments and employers to adopt a decent wage, based on reference budgets⁵, which are a package of goods and services an individual needs to live decently, together with a set of equitable terms and conditions of employment;
14. draws attention and applauds the important work undertaken by the European Reference Budget Network to develop a common methodology for reference budgets in Europe so that their contents, such as the food basket, is comparable across Member States;
15. suggests that decent wages are important economic stabilisers and a key tool to boosting non-price competitiveness, thus acting as a significant driver of economic growth and helping avoid stagnation; notes that the tax base would also be broadened by increased remuneration;
16. maintains that a decent wage means that the public sector no longer needs to provide further support for people in work through top-ups or tax credits, thereby assisting Member States to respect their fiscal obligations;
17. proposes that there is a need to consider minimum wage regulations in conjunction with employment terms and conditions, in particular in the context of employees who are on atypical contract systems such as zero hours contracts and contracts for services; such contracts can be

⁴ COM (2014) 130 Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth.

⁵ COM (2013)83 Social Investment Package.

considered as enforced self-employment, which often leads to the loss of entitlement to statutory protection;

18. maintains that adopting a decent wage, together with equitable terms and conditions of employment and an adequate social protection system are pre-conditions for creating a level playing field and fair competition between EU Member States so that they do not under-cut one another through "a race to the bottom" and "social dumping";
19. underlines that this issue is particularly important in view of the Posted Workers Directive and subsequent European Court of Justice Judgements, which have meant that companies do not have to abide by national minimum wage agreements in the case of workers posted from low wage to high wage Member States⁶;
20. urges the European Commission to review the Posted Workers Directive with a view to providing a higher degree of social protection and a level playing field for labour mobility;
21. highlights that discussion on a European minimum wage standard, has been gaining momentum with calls from the European Parliament⁷;
22. believes that further debate in this area should take place through soft processes such as the Open Method of Coordination and as part of the European Semester, which has already addressed wage issues;
23. proposes that that any European wage standard should be set at no less than 60% of the national median wage, which is the relative poverty indicator, as endorsed by the Laeken European Council in December 2001, as this would make a major contribution to reducing poverty and inequality insofar as these are caused by low income or earnings;
24. underlines that the establishment of a European minimum wage standard would contribute to meeting the Europe 2020 target of lifting 20 million people out of poverty and social exclusion and to the work of the European Platform against Poverty and Social Exclusion, which lists minimum income support as one of its areas for action;
25. suggests that such a standard would also assist in tackling unacceptable levels of inequality in Europe, which is a source of concern for social cohesion, a political matter and a risk to the EU's future growth potential;

⁶ [Case C-346/06 Dirk Rüffert v. Land Niedersachsen](#)

⁷ European Parliament Resolutions on: 1) "the [Role of minimum income in combating poverty and promoting an inclusive society in Europe](#)", adopted on 20 October 2010 (2010/2039(INI)), and 2) [on "the European Platform against poverty and social exclusion"](#), adopted on 15 November 2011 (2011/2052(INI)).

Regional dimension

26. highlights that some of the most innovative and determined initiatives with regard to decent wages have taken place at the local and regional level, such as integrating decent employment into a bill which translates into concrete duties and outcomes that are closely monitored;
27. suggests that local and regional best practices are promoted at EU level and urges EU local and regional authorities to take the lead, in their capacity as employers, in ensuring decent wages for their employees;
28. underlines that local and regional authorities should be fully involved in the design and implementation of policies related to minimum standards of remuneration since such authorities are key to the effective implementation of anti-poverty and labour market integration strategies.

Brussels,

II. PROCEDURE

Title	Standards of remuneration in employment in the EU
Reference(s)	Own-initiative opinion
Legal basis	Articles 145 and 151 TFEU
Procedural basis	Rule 41 b) ii))
Date of Council/EP referral/Date of Commission letter	n/a
Date of Bureau decision	18 March 2015
Commission responsible	Commission for Social Policy, Education, Employment, Research and Culture (SEDEC)
Rapporteur	Mick Antoniw (UK/PES), Assembly Member for Pontypridd
Analysis	27 March 2015
Discussed in commission	29 April 2015
Date adopted by commission	25 June 2015
Result of the vote in commission (majority, unanimity)	tbc
Date adopted in plenary	13-14 October 2015 (tbc)
Previous Committee opinions	EU Social Investment Package ⁸ Labour Mobility and Strengthening of EURES ⁹ Social Dimension of the EMU ¹⁰
Date of subsidiarity monitoring consultation	n/a

⁸ CdR 1999-2013

⁹ CdR 2014-1315

¹⁰ CdR 2013-6863