



# GMS Flash Alert



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## European Union – Cross-Border Purposes of New European Labour Authority

The EU Parliament and Council reached a provisional agreement on the EU Commission’s proposal to establish a European Labour Authority (ELA) in February 2019. Now, four EU countries have submitted an offer to host ELA: Bulgaria (Sofia), Cyprus (Nicosia), Latvia (Riga), and Slovakia (Bratislava)<sup>1</sup>.

ELA will support member states in collecting and exchanging information about labour mobility and social security on the national and international levels. Moreover, ELA will support and conduct joint inspections in order to secure uniform enforcement of the rules on labour mobility and social security.

ELA’s primary tasks include the enforcement of the Posting of Workers Directive<sup>2</sup>, EU Regulations on the coordination of social security systems,<sup>3</sup> and initiatives for international road transport, which include working/rest times, etc.<sup>4</sup>

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### WHY THIS MATTERS

ELA will have the operational task of providing information to individuals (cross-border workers, posted workers, multi-state workers, etc.) and businesses.

ELA’s operational focus is expected to significantly increase the level of compliance achieved and the quality of information provided by businesses and individuals in the fields of labour mobility and social security. Therefore, it is recommended that businesses with activities in Europe review their compliance in this regard to help prevent any potential reputational damage to the business and its employees. Further, it is recommended that businesses stay updated as both the rules on labour mobility and social security are undergoing revision and significant changes are expected to be implemented in both areas.

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## More Details on ELA

The 'free movement of workers' (a core principle of EU law) depends on clear, fair, and effectively enforced rules on cross-border labour mobility and coordination of social security systems. The main objectives for ELA are to improve the availability of information about rights and liabilities that businesses and individuals have in cross-border situations and to facilitate/establish uniform enforcement of EU rules by member states.

The objectives for ELA correspond to the overall objectives pursued by the EU Commission to modernize and simplify public administrations by creating a Digital Single Market<sup>5</sup>, and include the following:

1. The support and guidance given to individuals and businesses in cross-border situations about their rights and liabilities.
2. The improvement of access to information about labour mobility and social security by competent national authorities and their sharing of this information nationally and with other member states.
3. The support for organized cooperation between authorities across borders, which includes sharing of experiences and knowledge.
4. The organizing of joint cross-border enforcement activities, such as joint inspections by ELA and members states.
5. The organizing and strengthening of cross-border mediation mechanisms between member states across all domains of labour mobility and social security coordination.

ELA will initially consist of more than 140 employees of which at least 60 will be seconded from member states. ELA is organized around an operational model, which implies that ELA will need to deliver concrete results and get involved with the local authorities following a "hands on" approach.

The tasks and the scope of ELA will be reviewed every five years. The EU Commission will provide ELA's Management Board with a list of candidates eligible for the position of Executive Director. Then, the Management Board will elect the Executive Director who will lead ELA's operations.

Bulgaria, Cyprus, Latvia, and Slovakia are competing to host ELA and this "contest" is expected to conclude in June 2019.

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## KPMG NOTE

It is important for businesses to note that ELA is neither a supportive nor supervisory body. ELA is an operational body that will work directly "in the field" of European mobility. It will need to show concrete results of its activities. There is therefore an expectation that the requirements for achieving compliance in the fields of labour mobility and social security will increase both in the short and long term.

Labour mobility and social security are currently undergoing revisions in legislative proposals – in general terms, the revisions present a more restrictive approach to the mobility of workers. Apart from stricter compliance requirements, the revisions could end up restricting the application of rules in the home country.

The rise of "EU skeptical" political parties across Europe has raised, in general, the importance of holding businesses that provide services across European borders to high standards in terms of compliance so as to foster balance and fairness in the EU's Single Market.

## FOOTNOTES:

1 See European Council 13 May 2019 press release, "[Offers to host the European Labour Authority have been published.](#)"

2 See "[Proposal for a Directive of the European Parliament and of the Council amending Directive 96/71/EC of The European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services,](#)" on the EUR-Lex website.

3 See "[Proposal for a Regulation of the European Parliament and of the Council amending Regulation \(EC\) No 883/2004 on the coordination of social security systems and regulation \(EC\) No 987/2009 laying down the procedure for implementing Regulation \(EC\) No 883/2004](#) (Text with relevance for the EEA and Switzerland) on the EUR-Lex website. (COM/2016/0815 final - 2016/0397 (COD).)

(Also, see our story on a recent social security development at the EU level, GMS [Flash Alert 2019-088](#) (13 May 2019).)

4 See "[Proposal for a Directive of the European Parliament and of the Council amending Directive 2006/22/EC as regards enforcement requirements and laying down specific rules with respect to Directive 96/71/EC and Directive 2014/67/EU for posting drivers in the road transport sector,](#)" on the EUR-Lex website. (COM/2017/0278 final - 2017/0121 (COD).)

Also, see "[Proposal for a Regulation of the European Parliament and of the Council on establishing a single digital gateway to provide information, procedures, assistance and problem solving services and amending Regulation \(EU\) No 1024/2012,](#)" on the EUR-Lex website. (COM/2017/0256 final - 2017/086 (COD).)

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### **Coming Up: Annual Conference on EU Social Security Law 2019" in Trier, Germany**

DATE & TIME: 20-21 May 2019.

LOCATION: ERA Conference Centre, Metzger Allee 4, Trier, Germany.

FOR MORE INFORMATION: [Click here.](#) *(Please note this is a third-party (non-governmental, non-KPMG) website. Provision of this link does not represent an endorsement of this site by KPMG.)*

NOTE: Amongst other panels, come hear the author of this *Flash Alert*, Daida Hadzic, present on "Brexit preparedness — how to prepare your organisation for the mobility and social security implications."

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Denmark or the UK:



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