Basic information

2012/2277(BUD) BUD - Budgetary procedure	Procedure completed
Mobilisation of the European Globalisation Adjustment Fund: redundancies in mobile social services in Austria **Subject** 3.40.18 Services sector 4.15.05 Industrial restructuring, job losses, redundancies, relocations, Globalisation Adjustment Fund (EGF) 8.70.60 Previous annual budgets **Geographical area** Austria	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	RÜBIG Paul (PPE)	24/10/2012
	Shadow rapporteur PICKART ALVARO Alexander Nuno (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	3207	2012-12-06

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
19/10/2012	Non-legislative basic document published	COM(2012)0621	Summary
19/11/2012	Committee referral announced in Parliament		
06/12/2012	Draft budget approved by Council		
10/12/2012	Vote in committee		
11/12/2012	Budgetary report tabled for plenary	A7-0419/2012	Summary
12/12/2012	Decision by Parliament	T7-0492/2012	Summary
12/12/2012	Results of vote in Parliament		
12/12/2012	End of procedure in Parliament		
12/01/2013	Final act published in Official Journal		

Technical information

Procedure reference	2012/2277(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Mobilisation of funds
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/11061

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE498.131	29/10/2012	
Amendments tabled in committee		PE500.377	08/11/2012	
Budgetary report tabled for plenary, 1st reading		A7-0419/2012	11/12/2012	Summary
Budgetary text adopted by Parliament		T7-0492/2012	12/12/2012	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0621	19/10/2012	Summary

Additional information

Source	Document	Date

Final act

Decision 2013/0013
OJ L 008 12.01.2013, p. 0012 Summary

Mobilisation of the European Globalisation Adjustment Fund: redundancies in mobile social services in Austria

2012/2277(BUD) - 19/10/2012 - Non-legislative basic document

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in mobile social services in Austria.

PROPOSED ACT: Decision of the European Parliament and of the Council.

CONTENT: the European Globalisation Adjustment Fund (EGF) was established by Council Regulation No 1927/2006 to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market.

The Interinstitutional Agreement of 17 May 2006 on budgetary discipline allows for the mobilisation of the European Globalisation Adjustment Fund (EGF) through a flexibility mechanism, within the annual ceiling of EUR 500 million over and above the relevant headings of the financial framework.

The Commission services have carried out a thorough examination of the application submitted by Austria to mobilise the EGF. The main elements of the assessment are as follows:

Austria: EGF/2011/011 AT/Soziale Dienstleistungen:

On 21 December 2011, Austria submitted application EGF/2011/011 AT/Soziale Dienstleistungen from Austria for a financial contribution from the EGF, following redundancies in 105 enterprises operating in the NACE Revision 2 Division 88 ('Social work activities without accommodation') in the NUTS II region of Steiermark (AT22) in Austria. The application was supplemented by additional information up to 25 June 2012.

In order to establish the link between the redundancies and the global financial and economic crisis, Austria argues that the dismissals in Styria's mobile social services sector (provision of mobile social services for people with handicaps and mobile youth assistance) occurred as a result of reductions in the social budget implemented by Styria with a view to consolidating their overall budget. Styria's government decided in 2010 to cut the overall expenses of the Land by 25 % (in comparison to the 2010 budget) over the two-year period 2011/2012. The budget reductions also concerned the social sector, including contractually laid down disbursements (*vertraglich vereinbarte Pflichtleistungen*) paid by Styria for youth welfare and support for the handicapped (*Jugendwohlfahrt, Behindertenhilfe*). In reaction to the budget cuts, Styria's social services providers first reduced their activities (i.e. shorter working times for staff) and, subsequently, started dismissing workers from mid-2011 onwards. Hardest hit were / are small service providers specialising only in one or few social assistance area(s) as they depend exclusively on the payments from the Land and the municipalities.

Austria submitted this application under the intervention criteria of Article 2(b) of Regulation (EC) No 1927/2006, which requires at least 500 redundancies over a nine-month period in enterprises operating in the same NACE Revision 2 Division in one region or two contiguous regions at NUTS II level in a Member State. The application cites 1 050 redundancies in 105 enterprises operating in the NACE Revision 2 Division 88 ('Social work activities without accommodation') in the NUTS II region of Steiermark (AT22) during the reference period from 1 April 2011 to 15 December 2011.

After a thorough examination of this application, the Commission has concluded in accordance with Article 10 of Regulation (EC) No 1927/2006 that the conditions for a financial contribution under this Regulation are met.

On the basis of the application from Austria, the proposed contribution from the EGF to the coordinated package of personalised services is **EUR 5 200 650**, representing 65% of the total cost.

IMPACT ASSESSMENT: no impact assessment was carried out.

FINANCIAL IMPLICATIONS: considering the maximum possible amount of a financial contribution from the EGF under Article 10(1) of Regulation (EC) No 1927/2006, as well as the scope for reallocating appropriations, the Commission proposes to mobilise the EGF for the total amount of EUR 5 200 650, to be allocated under heading 1a of the financial framework.

The proposed amount of financial contribution will leave more than 25% of the maximum annual amount earmarked for the EGF available for allocations during the last four months of the year.

By presenting this proposal to mobilise the EGF, the Commission initiates the simplified trilogue procedure, as required by Point 28 of the Interinstitutional Agreement of 17 May 2006, with a view to securing the agreement of the two arms of the budgetary authority on the need to use the EGF and the amount required. The Commission invites the first of the two arms of the budgetary authority that reaches agreement on the draft mobilisation proposal, at appropriate political level, to inform the other arm and the Commission of its intentions. In case of disagreement by either of the two arms of the budgetary authority, a formal trilogue meeting will be convened.

The Commission presents separately a transfer request in order to enter in the 2012 budget specific commitment appropriations, as required in Point 28 of the Interinstitutional Agreement of 17 May 2006.

Source of payment appropriations: the amount of payment appropriations initially entered on the budget line 04 05 01 in 2012 will be fully consumed after the adoption by the two arms of the budgetary authority of the proposals submitted to date for mobilising the EGF and therefore insufficient to cover the amount needed for Austria's application. **An increase in the payment appropriations of the EGF budget line will be requested** either through a transfer, in case a source of available appropriations can be identified, or an Amending budget. Appropriations from this budget line will be used to cover the amount of EUR 5 200 650 needed for the present application.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in mobile social services in Austria

2012/2277(BUD) - 11/12/2012 - Budgetary report tabled for plenary, 1st reading

The Committee on Budgets adopted the report drafted by Paul RÜBIG (EPP, AT) on the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 200 650** in commitment and payment appropriations to assist Austria in respect of redundancies in mobile social services.

Members recall that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Austria has requested assistance for 1 050 redundancies, 350 of which are targeted for assistance in 105 enterprises operating in the NACE Revision 2 Division 88 ('Social work activities without accommodation') in the NUTS II region of Steiermark (AT22), Members request the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, they agree with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **Austria is therefore entitled to a financial contribution under this Regulation**.

Members recall the fact that, in order to provide workers with immediate assistance, the Austrian authorities decided to start the implementation of the measures on 1 October 2011 - ahead of the final decision about granting EGF support for the proposed coordinated package.

They recall the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout the professional career. They expect the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to the actual business environment.

They note that the region of Steiermark has already been affected by mass lay-offs and workers in this region have benefited from the EGF support by means of three applications, namely EGF/2009/009 AT/Steiermark, EGF/2010/007 AT/Steiermark-Niederosterreich and EGF/2010/008 AT/AT&S. They also indicate that the EGF project will be carried out in the framework of a labour foundation established at regional level and will be managed by a development association that had experience with a past EGF application (EGF/2009/009 AT/Steiermark). Members recall that this model of providing active labour market measures in the past regarding the reintegration of workers into the labour market and the use of the EGF funds for this purpose was very successful.

Lessons learnt from the implementation of the EGF: Members highlight the fact that lessons should be learned from the implementation of the EGF and request the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. They also appreciate the improved procedure put in place by the Commission, following Parliament's request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application, together with the proposal to mobilise the EGF. They hope that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Members reiterate their usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact that assistance from the EGF **can co-finance only active labour market measures which lead to durable, long-term employment;**
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;
- the need to ensure that no duplication of Union-funded services can occur.

The question of retraining and reskilling of social workers: Members draw attention to the subsistence allowance for workers on training and searching for employment, which may amount EUR 1 000 per worker per month which will be combined with a training allowance of EUR 200 per worker per month. They recall that the EGF should, in future, be primarily allocated to training and job searching, as well as occupational orientation programmes, and its financial contribution to allowances should always be **of an additional nature** and in parallel with what is available to dismissed workers by virtue of national law or collective agreements. They consider, however, the ratio of subsistence allowance and training allowance to the costs of training of EUR 14 400 to 7 000 as **an unjustified quasi-financing of unemployment benefit**. They note that the proposed measures cost approximately EUR 22 000 per worker, of which roughly EUR 14 000 Euro is to be covered by the EGF, making it a very high contribution per capita compared to other EGF applications.

Members also welcome the fact that following their requests, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. They recall that the EGF was created as a separate specific instrument, with its own objectives and deadlines, and therefore deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past.

Lastly, Members deplore the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. They call on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in mobile social services in Austria

2012/2277(BUD) - 12/12/2012 - Budgetary text adopted by Parliament

The European Parliament adopted by 546 votes to 69, with 64 abstentions, a resolution approving the proposal for a decision on the mobilisation of the European Globalisation Adjustment Fund for an amount of **EUR 5 200 650** in commitment and payment appropriations to assist Austria in respect of redundancies in mobile social services.

Parliament recalls that the European Union has set up the appropriate legislative and budgetary instruments to provide additional support to workers who are suffering from the consequences of major structural changes in world trade patterns and to assist their reintegration into the labour market. Given that Austria has requested assistance for 1 050 redundancies, 350 of which are targeted for assistance in 105 enterprises operating in the NACE Revision 2 Division 88 ('Social work activities without accommodation') in the NUTS II region of Steiermark (AT22), Parliament requests the institutions involved to make the necessary efforts to accelerate the mobilisation of the EGF for the requested amount. Moreover, it agrees with the Commission that the conditions set out in Article 2(b) of the EGF Regulation are met and that, therefore, **Austria is therefore entitled to a financial contribution under this Regulation**.

Parliament recalls the fact that, in order to provide workers with immediate assistance, the Austrian authorities decided to start the implementation of the measures on 1 October 2011 - ahead of the final decision about granting EGF support for the proposed coordinated package.

It recalls the importance of improving the employability of all workers by means of adapted training and the recognition of skills and competences gained throughout the professional career. It expects the training on offer in the coordinated package to be adapted not only to the level and needs of the dismissed workers, but also to their social and economic situation.

The EGF and the Steiermark Region in Austria: Parliament notes that the region of Steiermark has already been affected by mass lay-offs and workers in this region have benefited from the EGF support by means of three applications, namely EGF/2009/009 AT/Steiermark, EGF/2010/007 AT /Steiermark-Niederosterreich and EGF/2010/008 AT/AT&S. It also indicates that the EGF project will be carried out in the framework of a labour foundation established at regional level and will be managed by a development association that had experience with a past EGF application (EGF/2009 /009 AT/Steiermark). Parliament recalls that this model of providing active labour market measures in the past regarding the reintegration of workers into the labour market and the use of the EGF funds for **this purpose was very successful.**

Lessons learnt from the implementation of the EGF: Parliament highlights the fact that lessons should be learned from the implementation of the EGF and requests the institutions involved to make the necessary efforts to improve procedural and budgetary arrangements to **accelerate the mobilisation of the EGF**. It also appreciates the improved procedure put in place by the Commission, following its request for accelerating the release of grants, aimed at presenting to the budgetary authority the Commission's assessment on the eligibility of an EGF application, together with the proposal to mobilise the EGF. It hopes that **further improvements in the procedure will be integrated in the new Regulation on the European Globalisation Adjustment Fund (2014–2020)** and that the EGF's effectiveness, transparency and visibility will be strengthened as a result.

Parliament reiterates its usual position in respect of a dossier of this type:

- the need to ensure a smooth and rapid procedure for the adoption of the decisions on the mobilisation of the EGF;
- the fact that assistance from the EGF can co-finance only active labour market measures which lead to **durable, long-term employment**;
- assistance from the EGF must not replace actions which are the responsibility of companies by virtue of national law or collective agreements, nor measures restructuring companies or sectors;
- the fact that the EGF should not provide an incentive for companies to replace their contractual workforce with a more precarious and short-term one;
- the fact that the information provided on the coordinated package of personalised services to be funded from the EGF includes information on the complementarity with actions funded by the Structural Funds;
- the need for a comparative evaluation of those data in the annual report on the Funds;

- the need to ensure that no duplication of Union-funded services can occur.

The question of retraining and reskilling of social workers: Members draw attention to the subsistence allowance for workers on training and searching for employment, which may amount EUR 1 000 per worker per month which will be combined with a training allowance of EUR 200 per worker per month. They recall that the EGF should, in future, be primarily allocated to training and job searching, as well as occupational orientation programmes, and its financial contribution to allowances should always be of an **additional nature** and in parallel with what is available to dismissed workers by virtue of national law or collective agreements. They consider, however, the ratio of subsistence allowance and training allowance to the costs of training of EUR 14 400 to 7 000 as an unjustified **quasi-financing of unemployment benefit**. They note that the proposed measures cost approximately EUR 22 000 per worker, of which roughly EUR 14 000 Euro is to be covered by the EGF, making it a very high contribution per capita compared to other EGF applications.

EGF funding: Parliament also welcomes the fact that following its requests, the 2012 budget shows payment appropriations of EUR 50 000 000 on the EGF budget line 04 05 01. It recalls that the EGF was created as a separate specific instrument, with its own objectives and deadlines, and therefore deserves a dedicated allocation, which will avoid transfers to the extent possible from other budget lines, as has happened in the past.

Lastly, Parliament deplores the decision of the Council to block the extension of the "crisis derogation", which allows for the provision of financial assistance to workers made redundant as a result of the current financial and economic crisis in addition to those losing their job because of changes in global trade patterns, and allows for an increase in the rate of Union co-financing to 65% of the programme costs, for applications submitted after the 31 December 2011 deadline. It calls on the Council to reintroduce this measure without delay.

Mobilisation of the European Globalisation Adjustment Fund: redundancies in mobile social services in Austria

2012/2277(BUD) - 12/12/2012 - Final act

PURPOSE: to mobilise the European Globalisation Adjustment Fund (EGF) in respect of redundancies in mobile social services in Austria.

NON-LEGISLATIVE ACT: Decision 2013/13/EU of the European Parliament and of the Council on the mobilisation of the European Globalisation Adjustment Fund, in accordance with point 28 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management (application EGF/2011/011 AT/Soziale Dienstleistungen from Austria).

CONTENT: with this Decision, the European Parliament and the Council have decided to mobilise the amount of **EUR 5 200 650** in commitment and payment appropriations from the European Globalisation Adjustment Fund in the framework of the 2012 budget.

This amount will assist Austria hit by redundancies in the mobile social services in the region of Styria.

Given that this application complies with the requirements for determining the financial contributions as laid down in Regulation (EC) No 1927/2006 (EGF), the abovementioned amount has been granted to Austria to meet its request.

To recall, the European Globalisation Adjustment Fund (EGF) aims to provide additional support to redundant workers who suffer from the consequences of major structural changes in world trade patterns and to assist them with their reintegration into the labour market. The Interinstitutional Agreement of 17 May 2006 allows for the mobilisation of the Fund through a flexibility mechanism, within the annual ceiling of EUR 500 million.