

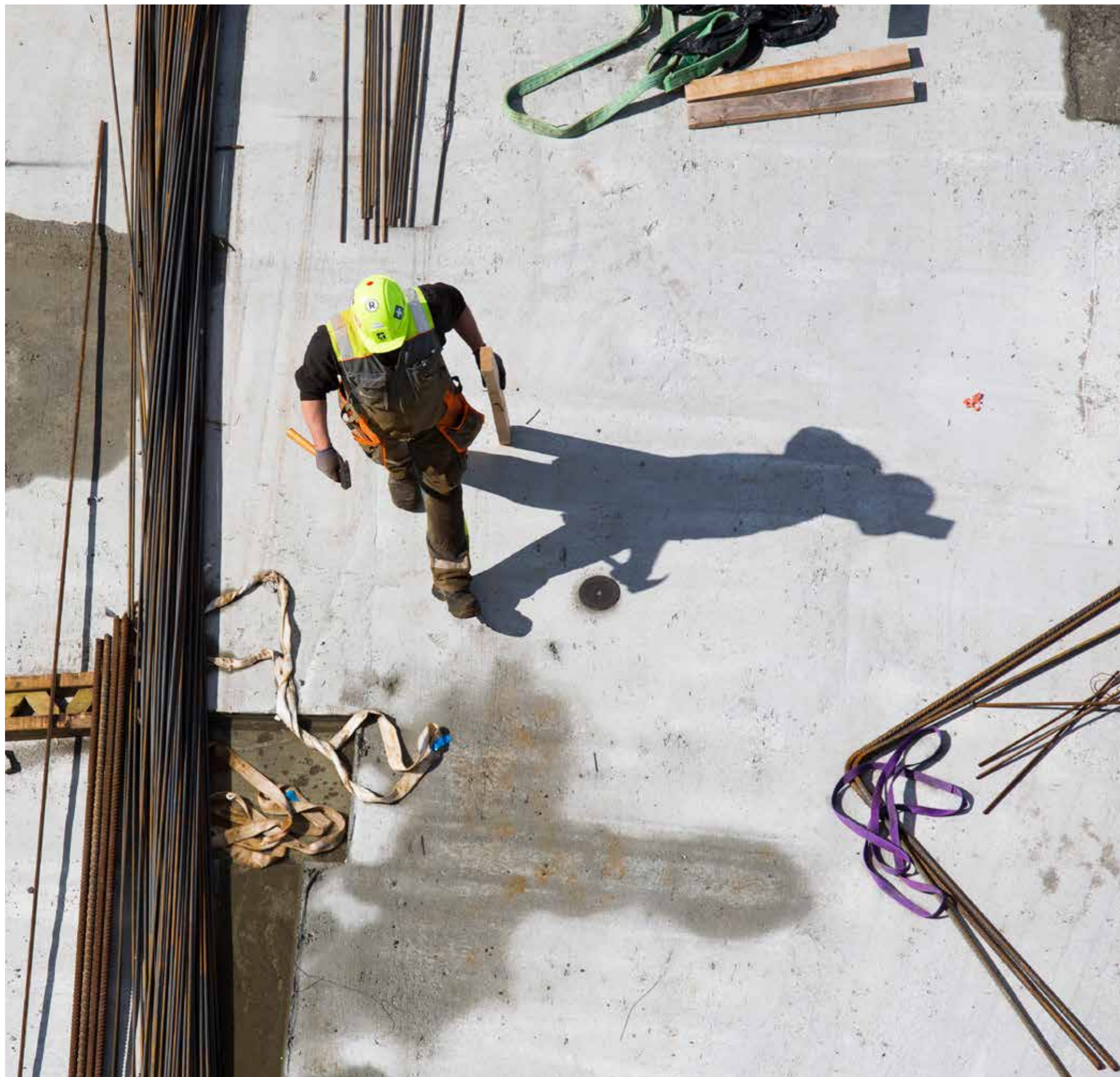


A European Social Security Number

An instrument for fair pay and
working conditions in the EU



United Federation of
Workers in Denmark



Contents

The proposal in brief.....	4
The need for a European Social Security Number	6
What has the EU done?.....	8
The proposal	10
European experiences	12
National experiences	14

3F - the United Federation of Workers in Denmark, is the largest Danish trade union with 270.000 members organised within manufacturing, construction, transportation, restaurants, hotels and services and gardening in the public and private sector.

The proposal in brief

The single market is one of the EU's greatest successes, contributing to the growth, jobs and prosperity of the EU's 446 million citizens.

The European Commission has already taken steps to ensure the fairness of free movement, including the establishment of the European Labour Authority, the improved Posting of Workers Directive and the associated Enforcement Directive, and the Directive on Transparent and Predictable Working Conditions. However, there are still challenges in coordinating and enforcing rules on labour migration in the EU – despite more than 50 years of free movement of workers.

A European Social Security Number would make it easier for supervisory authorities and trade unions to perform checks ensuring decent pay and working conditions, by containing the information necessary to combat underpayment, fraud and social benefit abuse.

At the same time, the COVID-19 crisis has caused an increasing number of temporary workers, including agency workers, seasonal workers, and platform workers who have a particular need for improving and enforcing their employment and social security rights.

A European initiative is therefore needed to help ensure that the employment and security conditions of all European workers comply with the applicable rules. There is a great need for transparent and effective tools ensuring that workers work under decent and local conditions and that companies comply with their obligations, so that we can ensure equal pay for equal work in the same place.

Consequently, we propose a European Social Security Number as an integrated part of the European Union's efforts to promote fair movement of workers. The European Commission has previously announced that a proposal for a European Social Security Number was underway. The proposal however never materialised.

Our proposal for a European Social Security Number contains two elements:

- A digital infrastructure: a Digital European Social Security Number
- A physical infrastructure: a Personal Labour Card

A European Social Security Number would make it easier for supervisory authorities and trade unions to perform checks ensuring decent pay and working conditions, by containing the information necessary to combat underpayment, fraud and social benefit abuse.

By strengthening the ability to identify, control and sanction those who break the rules on pay and working conditions, we are creating not only a fairer Europe but also fair competition for decent companies that abide by the rules. Improving working conditions will strengthen the internal market for workers and companies. This ensures that the EU is fair for all including workers, the economy and the society.



The need for a European Social Security Number

There are 17.6 million EU citizens who live in another EU Member State, of which 12.9 million are classified as mobile workers and 1.9 million are posted workers. Businesses across Europe benefit from the free movement of workers and posted labour. While most employers follow the rules, there are unfortunately some who **exploit workers**. This is done through fake companies, false self-employment, systematic underpayment and made possible by the

individual workers' lack of awareness of his or her rights regarding social security, pension entitlement and health and safety in other EU Member States.

For this reason, European workers must have a **strengthened knowledge of their rights** – where and how they are secured – and an easier view of their own employment relationships, which is a problem identified by the European Commission already in 2018. Without knowledge and accessible documentation of fundamental rights in an employment relationship, workers are unable to invoke them. It becomes problematic in the event of circumvention of the right to specific pay and working conditions.



A European Social Security Number is needed to support the action, both nationally and across borders, to ensure the EU's objective of equal pay for equal work at the same place and better functioning of the single market.

Moreover, the crucial **transparency of the worker's pay and employment relationship** is important for non-standard workers in fixed-term or temporary positions such as seasonal, agency and platform workers.

There are great challenges associated with **social fraud** related to cross-border mobility. Errors and fraud continue to occur, especially in the context of social security coordination and posting rules. The problems are identified by the Member States in the European Commission's annual report on fraud and errors in the field of social security coordination.

Undeclared work also poses a challenge by affecting the Member States' finances, businesses, and workers. Undeclared work distorts equal and free competition, hampers society's growth and accounts for an average of 11.6% of the total private-sector labour in the EU. According to a study of the shadow economy in the EU published by the European Commission, an estimated 61.8% of all unde-

clared work is carried out in the context of an employment relationship. The most frequent activities carried out in the shadow economy are reparations and renovation where undeclared work and letterbox companies account for a large volume.

To strengthen the enforcement of the rules on labour migration, concrete tools are needed in the fight against the exploitation of workers in the EU. A European Social Security Number is needed to support the action, both nationally and across borders, to ensure the EU's objective of equal pay for equal work at the same place and better functioning of the single market.

What has the EU done?

The European Commission has already taken several steps in the right direction to ensure fair movement of workers. A European Social Security Number has the potential to complement and strengthen several of these great EU initiatives aimed at promoting fair conditions in the EU and equal pay for equal work at the same place:

- **The European Labour Authority (ELA)**, which aims to enforce the existing EU legislation and improve cooperation between the national authorities to ensure fair movement within the EU.
A European Social Security Number can provide an effective exchange of information and act as a mean to ensure enforcement and control of existing EU legislation for mobile workers. In addition, the national authorities liaising with the ELA could carry out the verification of data.
- **The Regulation on the Coordination of Social Security Systems**, which aims to coordinate social security to ensure that all European citizens working in another EU Member State cannot fall between two stools.
A European Social Security Number can help coordinate social security more effectively between the Member States and be an enforcement tool to ensure that workers across borders receive their legitimately earned social benefits.

A European Social Security Number can help workers to document their rights and ensure fair competition in the single market.

- **The Posting of Workers Directive**, which aims to promote fair movement of posted workers and businesses in the EU, including the creation of national websites providing information on local pay and working conditions.
A European Social Security Number can act as a tool to ensure the enforcement of the Posting of Workers Directive and the associated Enforcement Directive thereby helping to combat social dumping.
- **Working time: Case CCOO vs. Deutsche Bank (C-55/18)** confirmed that the EU Member States must oblige national employers to establish systems to measure the length of the daily working time of each worker.
A European Social Security Number has the potential to be a tool to measure the working time of each worker and avoid double registration through two parallel systems on the national and the European levels.
- **The Mobility Package**, which aims to ensure equal pay for equal work in the same workplace in the transport sector. It is carried out via uploaded pay information and posting declarations in a common European database (IMI) and trans-European cooperative efforts from authorities through the information exchange system (ERRU). It is supported by digital recording equipment combined with the driver card to control driving time/rest periods and pay periods in each Member State.
A European Social Security Number can partly draw inspiration from the common European solutions, as well as from the digital and physical solutions of the mobility package and develop further on the relevant solutions of the package.
- **The Directive on Transparent and Predictable Working Conditions**, which aims to improve workers' access to information concerning their working conditions. The directive's objective is to ensure transparency in the labour market to avoid unfair competition at the expense of the working conditions.
A European Social Security Number can help workers to document their rights and ensure fair competition in the single market.
- **The Directive on Temporary Agency Work**, which aims to ensure equal working conditions for temporary workers and permanent workers.
A European Social Security Number can be a tool to enforce the right of temporary workers to equal treatment to that of permanent workers in the user undertakings.
- **The European Pillar of Social Rights**, which is the guidelines to ensure just and fair labour markets and to create better rights for European citizens.
A European Social Security Number can help promote fair and equal working conditions throughout the EU.

When the Social Fairness Package was launched in 2018, the European Commission announced its intention to present a proposal for a European Social Security Number. The aim of the proposal was to promote fair movement and make social security rights more predictable and digitally accessible. Unfortunately, the proposal is yet to be presented.



The proposal

With a European Social Security Number, we propose a necessary and effective instrument for the enforcement of social security, working conditions and fair movement for all workers, self-employed and service providers in the EU. The instrument must consist of two elements:

1) The digital infrastructure – A Digital European Social Security Number

A Digital European Social Security Number can provide the foundation for the creation of a digital infrastructure with a real-time database where compliance of rights can be documented. It can act as a coordination tool for social security between the Member States and contain information on insurance, working time, employment, and contractual relationships, all of which can be linked to the social security number.

This Digital European Social Security Number will not only be a positive initiative for mobile workers but also benefit national workers. Therefore, it will generally contribute to ensuring that labour market regulations and rulings are respected.

2) The physical infrastructure – A Personal Labour Card

The social security number must be supplemented with a physical card closely linked with the European Health Insurance Card. Such a card will reduce communicative barriers for the workers. National labour inspectorates will have a better chance of monitoring the worker's place of work, place of employment, identity, working time, education, social security, and insurance, as well as tax payments.

A Personal Labour Card can empower the worker to make demands regarding the employer's compliance with insurance and contractual relationships. The employment relationship must be transparent and comply with EU law, ILO Conventions and national legislation.

The European Social Security Number is a concrete materialisation of the worker's right to decent pay and decent work.

The European Social Security Number will provide the foundation for future enforcement efforts. Therefore, an important element of the system must be the option to adapt it over time and according to evolving needs, to ensure effective control in the future.

The use of a European Social Security Number across the EU will also help identify gaps and problems in our labour markets and can thereby contribute to future evidence-based, high-quality legislation.

The European Social Security Number should not replace the well-functioning national identity cards for workers that exist today. Instead, the European initiative can be based on a combination of national and European experiences.

We urge the European Commission to submit a legally binding proposal for a European Social Security Number, which would include the creation of a Digital European Social Security Number and an associated Personal Labour Card.

We urge the European Parliament, the European governments, the European trade unions and the European employers to exert pressure on the European Commission to present this proposal.

The European Social Security Number should not replace the well-functioning national identity cards for workers that exist today. Instead, the European initiative can be based on a combination of national and European experiences.



European experiences



Today, we can benefit from numerous experiences, at both the European and national levels, which are relevant to the development of a European Social Security Number.

Digital infrastructure

The European Commission has placed the digital transformation at the forefront. It must be the driving force behind the industry, the labour market and the public administration of the future.

The EU has already initiated major digital projects where the protection of individual citizens' data is paramount. For many years, the TESTA network has been at the heart of the digital data exchanges of the EU Member States. TESTA ensures consistency between the Member States' differences in terms of data security and data requirements. TESTA is a good example that high data protection

The EU has successful experiences in ensuring the exchange of sensitive personal data, uniforming the standards used, and contributing to simplified procedures between the Member States.

requirements are enabled when data is exchanged within the EU. Another example is the EESSI system which provides electronic exchange of information on social security. A third example is the European Health Insurance Card (EHIC) which also is an EU tool that enable both data standardisation and effective identification. It is evident that a European Social Security Number should be closely linked to the EESSI system and the EHIC.

In addition, there are several control measures and requirements for lorries, buses and goods vehicles in the EU. This includes the IMI system where a substantial amount of information on posting, recruitment and salaries are exchanged - as well as the ERRU system which is expected to be highly beneficial for the authorities of EU Member States in ensuring uniform and coordinated enforcement in all Member States.

The EU has successful experiences in ensuring the exchange of sensitive personal data, uniforming the standards used, and contributing to simplified procedures between the Member States.


Physical infrastructure


All over Europe, there are examples of physical identity cards in different industries. These various initiatives have an essential characteristic in common: an identification number or a card supply workers, authorities and main providers with a key instrument to ensure decent working conditions in workplaces. Even though most of the existing physical identity cards are found in the construction sector, we suggest a Personal Labour Card that is targeted all industries.



National experiences


Experiences with physical cards and numbers used to register and verify workers' rights are to be found e.g. in Belgium, Denmark, Finland, France, Germany, Italy, Lithuania, Luxembourg, the Netherlands, Norway, Romania, Spain and Sweden.


 In the **Norwegian** cleaning and construction sectors, the HMS card has been introduced, making it easier for the Norwegian tax authorities and labour inspectorate to carry out controls on tax payments and working conditions. The HMS card is compulsory for anyone working in the cleaning and construction sectors – including self-employed and foreign workers. All main contractors are responsible for supplying HMS cards and electronic registration of workers and for making the information available to the Client, the labour inspectorate, the tax administration, health and safety representatives, etc. The HMS card is issued by a national operator, but it is linked to one employment, so if a worker changes employment, a new card must be issued. The card has provided great results concerning the on-the-spot control of working conditions.


 In **Italy**, personal identity cards “tessera di riconoscimento” are mandatory on construction sites. These personal identity cards contain the employer's tax number as well as information about the employer's identity and an expiry date. In this way, the card contributes to improving the efficiency of the on-the-spot controls made by the labour inspectorate and the tax authorities. If the worker works for a subcontractor, the main contractor's name is listed too on the personal identity card. The card is used to identify workers during on-the-spot controls on construction sites and to ensure that they are employed on-paper and that taxes are paid. The personal identity card gives a clear



overview of the supply chains and can thus be used to trace responsibility quickly and efficiently for the worker. Besides, the personal identity card is used to ensure safety on-site to prevent unregulated staff from being on construction sites. New projects have been launched by the Italian authorities, in cooperation with trade unions and employers, to upgrade the existing technology. These new solutions aim to incorporate wireless technology (RFID) into a chip card solution and the automatic registration of workers when entering and leaving the construction sites.

 In **Sweden**, a national requirement for electronic registration of workers was introduced in 2006. The requirement is implemented into a personal identity card named ID06, which is obligatory for all workers in the construction sector. The card is issued and administered by ID06 AB, a non-profit company owned by the construction industry, as well as Clients, utility companies and trade associations. The Swedish tax authority verifies compliance with the requirements for personal registration.

 In **Germany**, there has been an ongoing discussion about personal identity cards on construction sites. The discussion has resulted in the preliminary conclusion that the federal labour inspectorate needs a tool to carry out faster controls. It has been difficult to control the working conditions for mobile workers. It was therefore decided in 2009 that non-German workers should be able to identify themselves with image identification, if they want to work on construction sites, among others.

 In **Denmark**, the Municipality of Copenhagen has introduced personal identity cards on a number of construction sites to ensure transparency in the supply chains. To carry out work on the construction sites, a personal identity card, which must be recorded via an electronic terminal, is required. The experience from the Municipality of Copenhagen is that many main contractors on large construction projects do not have an overview of who is working on the site. Wage dumping and undeclared work take place in non-transparent supply chains. In this context, the municipality uses the personal identity card as a tool for controlling working conditions and as a tool made available to the main contractor. In the summer of 2020, the Municipality of Copenhagen published an evaluation of the pilot scheme.

In addition, the Danish Government has announced the introduction of a personal identity card on public construction sites under the Finance Act of 2020. The aim is to see whether a personal identity card scheme would improve and strengthen compliance with labour clauses by making it easier for public Clients to identify contractors, professionals, employment types, etc., where experience shows that there is an increased risk of non-compliance with pay and working conditions. A working group will be set up to develop concrete initiatives to encourage greater use of personal identity cards. As part of the implementation, it is planned to launch at least four additional pilot projects using personal identity cards on state and/or municipal construction sites.

Norwegian experiences

- HMS card in the construction and the cleaning sector: www.arbeidstilsynet.no/en/hse-cards/

Italian experiences

- Consolidated Law on health and safety at work: www.alfasic.eu/news/il-tesserino-di-riconoscimento-per-i-lavoratori

Swedish experiences

- Healthy competition through transparency: www.id06.se/english/
- ID06 cards for EU/EEA citizens: www.angeno.se/wp-content/uploads/EU-EEA-CITIZEN-rev-18-mars.pdf

German experiences

- Act to Combat Undeclared Work and Unlawful Employment www.gesetze-im-internet.de/englisch_schwarzarbg/englisch_schwarzarbg.html#p0060

Danish experiences

- The Municipality of Copenhagen www.kk.dk/sites/default/files/edoc/Attachments/25731636-36775858-1.pdf
- Finance Act of 2020 www.regeringen.dk/media/7705/aftale-om-finansloven-for-2020.pdf



3F

United Federation of
Workers in Denmark
4, Kampmannsgade
DK 1790 Copenhagen V
Tlf.: 70 300 300
www.3f.dk

3F's EU Office in Brussels
Rue du Luxembourg 47-51,
B-1050 Brussels, Belgium