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REPORT

from:	The Social Protection Committee
to:	Permanent Representatives Committee (Part I) / Council (EPSCO)
Subject:	Assessment of the 2013 package of Council Recommendation on cross-cutting issues

- *Report of the Social Protection Committee*

Delegations will find attached the Report of the Social Protection Committee on the above mentioned subject, with a view to the Council (EPSCO) session on 20 June 2013.



The Social Protection Committee

Horizontal assessment of the 2013 proposal for Council recommendations on the National Reform Programmes in the areas of social protection and inclusion:

1. The Commission proposed an ambitious package of country-specific recommendations addressing key structural issues covering economic, social and employment policies. This package tries to lift the policy discussion beyond the current crisis and its social consequences. Some of the recommendations addressing social protection and inclusion policies are proposed as part of the Council recommendations under article 6 of Regulation (EU) No 1176/2011 on the prevention and correction of macroeconomic imbalances (MIP) and therefore their primary legal basis is article 121 of the TFEU. In addition to the MIP related recommendations combining pension, health and long-term care policy issues in one recommendation (**BE, FI, ES, FR, SI and MT**), the recommendations addressing social inclusion issues such as poverty reduction and/or Roma inclusion issued to **BG** (Rec. 3 and 4), **HU** (Rec. 4) and **IT** (Rec. 4) are also proposed under the MIP.
2. Similarly, social protection reforms in the areas of pensions, health and long-term care are also subject to the proposed recommendations reflecting the Council's opinions on the stability (**DE, ES, FI, FR, SK**) and convergence programmes (**PL**).
3. Irrespective of the legal basis, as long as the policies subject to the MIP recommendations and to the recommendations reflecting the Council's opinions on the stability and convergence programmes fall within the remit of the EPSCO Council and its advisory bodies, the decisions on these recommendations need to be prepared and taken by the two Council formations. As defined by the current legislation (the 'six pack'), the scope of the MIP does not include policy areas and indicators related to pensions, health, long-term care and poverty reduction issues.

4. Regarding **pensions**, the Commission proposed 15 recommendations (**AT, BE, BG, CZ, ES, FI, FR, LT, LU, the NL, MT, SK, SI, PL** and **RO**). While the overall policy message is that people need to work longer to enhance the sustainability and adequacy of pensions, the recommendations differ in their reference to the three main concepts at stake for retirement: statutory, effective or - pensionable age. The SPC welcomes the attention given to pensions and highlights the following horizontal issues:
- The overall focus is on linking the statutory retirement age to life expectancy;
 - In practically all cases, it was recommended to “increase effective retirement age”, “reduce early retirement options” and “increase employability of older workers”. In specific cases, the recommendations ask for equalization of the “pensionable age” between women and men or for “same statutory age for women and men”.
 - The issue of pension adequacy is mentioned only in the recommendation of **SI**.
5. It should be emphasised that besides the statutory retirement age, other tools (such as the contributory periods, the benefit calculation formula, the indexation mechanisms, etc) are available as alternative policy options for adapting pension systems to changing environments. The most effective and appropriate policy option in the area of pensions depends on the specificities of the national pension systems, the sustainability challenge and the current and projected adequacy of future pensions. The discussion on the pension recommendations showed that convergence of the approaches across countries will not necessarily guarantee better sustainability and adequacy.
6. The SPC strongly supports the discussion on pension sustainability and adequacy as two inseparable sides of the same coin. This requires a reflection on the better use of analytical tools for assessing pension adequacy. The SPC also highlights that leaving the adequacy aspects for the Commission staff working documents and the sustainability issues for the Council recommendations does not draw the attention of policy makers to the economic, social and political risks associated with the weakening of the purchasing power of pensioners and with the increasing poverty among older people. Pension adequacy and sustainability should feature as equally important concerns in the recommendations.

7. Regarding **health and long-term care**, the 2013 package of country-specific recommendations puts a new focus on these policies with an increasing number of Member States receiving such recommendations. The SPC welcomes the attention given to health, which is a growth-friendly factor and highlights the following horizontal issues :
- In some cases the emphasis is on cost-efficiency in health care while in other cases the emphasis is on cost-effectiveness;
 - There is a new focus on independent living, rehabilitation and prevention in the long-term care recommendations;
 - No recommendation referred to the need to provide universal health and long term care.
8. Pension, health, and long-term care recommendations need to address the quality and accessibility aspects of these policies together with their sustainability dimension. In the lack of agreed definitions at EU level, the references to cost-effectiveness and cost-efficiency of health care policies need to be analytically clarified.
9. Regarding social **inclusion**, some Member States received recommendations for specific policy actions for Roma integration (**BG, CZ, HU, SK**). There is broad agreement on the need for specific policy actions on Roma inclusion in relation to the country specific challenges. The recommended actions need to facilitate the design and implementation by Governments of inclusive policy reforms, fostering the social and economic integration of marginalised populations.
10. As reflected in the outcome of the third European Semester and as highlighted by the Commission Social Investment Package for Growth and Cohesion, the SPC acknowledges that against the background of increasing poverty and material deprivation, there is urgency to ensure an adequate level of social protection and continuous efforts for improving the efficiency and effectiveness of social policies.

Preliminary views on governance

11. Under the leadership of the Irish Presidency, significant improvements were made to the European semester as a whole with particular focus on the governance and on the co-operation between the Council advisory bodies.
12. In 2013, Member States and the Commission had a better mutual understanding on what needs to be done to spur growth and foster social cohesion. In the majority of the cases, Member States accepted the proposal for recommendations. Where amendments were proposed, these aimed at acknowledging the on-going efforts at national level and/or leaving the required scope for Governments and social partners to negotiate the details of the reforms. In a policy area such as social security, this is even more important compared to other policy areas.
13. The multilateral surveillance on the implementation of the 2012 Council recommendations in the social protection field played an important role in building this shared understanding between the Commission and Member States. Yet, the time allocated both to the Council preparatory bodies to prepare the Council position and to the Member States to comment and discuss the proposal in a genuine multilateral way is disproportionately short compared to the time available for preparing the package. In this regards and building on the bilateral meetings between the Commission and Member States, improvements need to continue to be made to the consultation process. In some cases, the proposed recommendations were too prescriptive particularly on issues where Member States have exclusive competence. At the same time, the purpose of the multilateral discussion should not to be to dilute the level of ambition of the package. .
14. In preparing its country-specific opinions to the Council on the proposed recommendations, the Social Protection Committee co-operated with the Economic and Finance Committee, the Employment Committee and with the Economic Policy Committee. This proved to be a positive interaction because it allowed to examine the Commission proposal in a horizontal multidisciplinary way and to reach harmonised positions on many of the proposals for recommendations. Building on this experience, the SPC will continue to improve its co-operation with other advisory Committees on cross-cutting issues.