

EU Supplement

This supplement covers the significant EU developments from December 2012 to mid-March 2013 in the broad areas of social policy, consumer policy and citizens' rights.

There is further information about almost all the issues mentioned on the Europa website: europa.eu. In some cases, we give the extended website address. The Official Journal of the EU may be accessed via eur-lex.europa.eu

Employment and social policy

Youth unemployment

A number of initiatives to tackle youth unemployment are being put in place.

Youth Guarantee

The Council of Employment and Social Affairs Ministers has reached political agreement on the proposed Youth Guarantee. It is expected that the Guarantee will be formally agreed in May 2013. The Guarantee would mean that member states would put in place measures to ensure that young people up to age 25 receive a good quality offer of employment, continued education, an apprenticeship or a traineeship within four months of leaving school or becoming unemployed. It is intended that this would be done in partnership with education and training providers, employment services, social partners and youth services. Some member states already have such a guarantee in place.

Funding will be available from the European Social Fund (ESF) and other EU structural funds but the primary source of funding will be individual governments. It is proposed to increase ESF funding for the period 2014–2020 by about 10% but final agreement on the EU budget for this period has not yet been reached.

Youth Employment Initiative

The European Council has decided to establish a Youth Employment Initiative to which €6 billion will be allocated for the period 2014–2020. This will go to regions where

youth unemployment is greater than 25%. At present, the unemployment rate in Ireland for people aged under 25 is 30%.

These funds will be available to help implement the Youth Guarantee among other things. No decisions have yet been made on the allocation to specific countries. €3 billion of the funding will come from a dedicated youth employment budget line. This will not require matching government funding. The other €3 billion will come from the European Social Fund which will require matching government funding.

Website: ec.europa.eu/social/youthemployment

Social Investment Package

The Commission has proposed a Social Investment Package which aims to set out a framework for policy reforms to make social protection more adequate and sustainable, to invest in people's skills and capabilities, and to support people throughout the critical moments experienced across their lives. Social investment includes investment in areas such as early childhood education and care, prevention of early school leaving, lifelong learning, training and job-search assistance, housing support, accessible health services and facilitating living independently in old age. This is in the context of the Europe 2020 strategy (see *EU Supplement*, April 2010) and the new EU funding cycle which starts in 2014. One of the Europe 2020 targets is to reduce the number of people at risk of poverty and social exclusion by at least 20 million. However, between 2010 and 2011, the number of people at risk of poverty and social exclusion increased by more than 3 million.

Support for the Package is to come from the European Social Fund. It is proposed that about 20% of all ESF funding in 2014–2020 should be used for promoting social inclusion and combatting poverty.

The proposed new Programme for Social Change and Innovation (PSCI) which will integrate PROGRESS, EURES and the European Progress Microfinance facility will support the development and coordination of social investment policies, sharing of best practices, capacity building, and testing of social innovations. The proposed new Fund for European Aid to the Most Deprived (FEAD) will provide support to ensure that adequate livelihoods are secured by addressing food deprivation, homelessness and material deprivation of children. Both of these funds are proposed to be established for the 2014–2020 funding period. As already stated, final agreement on the EU budget for this period has not yet been reached.

The Package includes a range of recommendations in relation to activation and training, simplifying the administration of benefits, reforms to make labour markets more inclusive, ensuring quality and accessible childcare and other care services, and reforms in benefits and tax systems to avoid financial disincentives to entering the workforce. These are areas which are mainly the responsibility of the member states but it is proposed to monitor implementation of the recommendations.

The Package also includes reports on active inclusion, homelessness, health care reform and long-term care. It gives guidance to the member states on how best to use EU financial support to implement the outlined objectives.

Child poverty

The Social Investment Package includes a recommendation on fighting child poverty, *Investing in Children: Breaking the Cycle of Disadvantage*. This recommends that member states organise and implement policies to address child poverty and social exclusion and promote children's well-being. It sets out guidelines for doing this. These include ensuring that children have access to adequate resources by supporting parents' involvement in the labour market and providing appropriate child benefits, and that they have access to affordable, quality services. Among other things, it recommends that childhood inequality should be addressed by investment in early childhood education.

Parental leave

EU directive 2010/18/EU which came into effect on 8 March 2013 has been brought into effect in Ireland by SI 81/2013. Its provisions are described in *EU Supplement*, January 2013.

Consumer

Alternative dispute resolution

The proposed legislation on Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR) has been finalised. Member states must bring it into effect by 2015.

The ADR Directive proposes to provide for full ADR coverage at EU level. This means that there should be an ADR procedure available for all contractual disputes in every market sector except health and education. These procedures will be subject to rules about quality and transparency. Traders will be required to tell consumers about ADR both at the time of the purchase and when a problem arises.

The ODR Regulation aims to enable EU consumers and traders to submit disputes arising from online purchases to ADR online. This will have an EU-wide dispute resolution platform.

Website: ec.europa.eu/consumers/redress_cons/adr_en.htm

Bus and coach travellers in the EU

Regulation (EU) 181/2011 concerning the rights of passengers in bus and coach transport came into effect on 1 March 2013.

This provides for a set of basic rights including non-discrimination and adequate information to passengers, in particular those with reduced mobility. It also provides for rights to assistance, accommodation and compensation for passengers travelling long distances (more than 250 km). The arrangements are broadly similar to those which apply to air passengers.

The rights which apply to long distance services (more than 250 km) include:

- Protection of passengers in case of death, injury, loss or damage caused by road accidents.
- Specific free help for people with disabilities and people with reduced mobility, both at terminals and on board, and, where necessary, transport free of charge for accompanying people.
- Guarantee of reimbursement or rerouting in situations of overbooking, or in case of cancellation, or following a delay of more than two hours from the estimated time of departure.

- Assistance (snacks, meals and refreshments) in situations of cancellation or following a delay of more than 90 minutes in the case of a journey of more than three hours.
- Compensation of 50% of the ticket price following more than 120 minutes' delay from the estimated time of departure, cancellation of a journey and if the carrier fails to offer the passenger either rerouting or reimbursement.

Air passenger rights

The Commission has published proposals for changes to the rules on the rights of air passengers. The intention to do so had been signalled in 2011 when the Commission published an assessment of the operation of the current rules – see *EU Supplement*, July 2011.

The proposed changes include some which should clarify passengers' rights when flights are delayed or cancelled and some which will limit the assistance which air carriers are obliged to provide, particularly in situations which are outside their control.

The current rules are set out in Regulation (EC) 261/2004 establishing common rules on compensation and assistance to passengers in the event of denied boarding and of cancellation or long delay of flights. Rights in relation to lost, damaged or delayed baggage are set out in the Montreal Convention and in Regulation (EC) 2027/97 as amended by Regulation (EC) 889/2002.

Information on delayed or cancelled flights

The current rules require air carriers to give passengers information about their rights but does not specifically require that passengers be kept up to date with information. The new proposal would oblige carriers to inform passengers about what is happening in respect of their delayed or cancelled flight as soon as possible and, in all cases, no later than 30 minutes after the scheduled departure time. Information about the estimated departure time must be given as soon as it is available.

Extraordinary circumstances

At present, carriers are not obliged to pay compensation to passengers if the delay or cancellation arises due to "extraordinary circumstances". This is not defined and has given rise to a number of disputes. The proposal proposes that the term be defined as circumstances which are not inherent in the normal exercise of the activity of the air carrier concerned and are beyond its actual control. It provides examples of such circumstances including natural disasters or strikes by air traffic controllers. Technical problems identified during routine aircraft maintenance would not be regarded as exceptional.

Long delays and tarmac delays

The new proposal provides that passengers get care and assistance if the flight is delayed by two hours regardless of flight distance.

It provides that financial compensation becomes payable after a longer delay than applies at present. It would be paid if there is a five-hour delay in intra-EU flights and international flights of less than 3,500 km. Compensation would be payable after a delay of 9 hours for flights of less than 6,000 km and 12 hours for flights of more than 6,000 km.

The proposal provides explicitly for rights to apply in the case of delays while the plane is on the tarmac, including rights to various comforts if the plane is on the tarmac for an hour or more.

Other proposed changes

Among the other proposed changes are:

- Where the air carrier cannot ensure rerouting within 12 hours on its own services, it must offer rerouting with other air carriers or other transport modes where available.
- The rights to assistance and to compensation where a passenger misses a connecting flight because the first flight was late are defined in more detail.
- It is clearly stated that if your flight is rescheduled less than two weeks before the original departure time, you have broadly the same rights as passengers of delayed or cancelled flights.
- You may ask for the correction of spelling mistakes in your name up to 48 hours before departure and this must be done free of charge.
- You may not be denied boarding on the return flight of your ticket on the grounds that you did not take the outbound part of the return ticket.
- The rules about the transport of mobility equipment and musical instruments are clarified.

Enforcement

The proposal provides for strengthening enforcement and the monitoring of airline policies by the national enforcement bodies. There will be deadlines for dealing with complaints and various requirements on airlines to provide easier to use complaints mechanisms.

Disproportionate financial burden on airlines

At present, air carriers must provide refreshments, meals and accommodation for an indefinite period of time. The proposal provides that this would be limited to three nights if there are exceptional circumstances. This limitation does not apply to passengers with special needs – those with reduced mobility, people accompanying them, unaccompanied children, pregnant women and people with specific medical needs.

The Citizens Information Board provides independent information, advice and advocacy on public and social services through citizensinformation.ie, the Citizens Information Phone Service and the network of Citizens Information Services. It is responsible for the Money Advice and Budgeting Service and provides advocacy services for people with disabilities.

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The new rules will not apply to small regional operators who operate flights of less than 250 km with aircraft of less than 80 seats. Again, this does not apply to passengers with special needs.

Late payments directive

The recast Late Payments Directive came into effect on 16 March 2013. It sets out the specific deadlines for the payment of invoices and establishes a right to compensation in the event of late payment in all commercial transactions. It has been brought into effect in Ireland by SI 580/2012 as amended by SI 74/2013.

Justice and home affairs

Civil protection orders

The Council and the European Parliament have reached political agreement on a proposed European protection order. The proposed regulation on mutual recognition of protection measures in civil matters means that people who get barring or protection orders (or their equivalent) in one member state will be able to have that order enforced in another member state. This is expected to come into effect in 2015. The mutual recognition of criminal law protection orders has already been agreed and should come into effect in 2014.

General

Economic governance

New rules on economic governance and the budgetary cycle in euro area member states have been agreed by the Council and will apply to the 2014 Budget. The current rules on economic governance are described in *EU Supplement*, January 2011 and January 2012.

The new rules are contained in two regulations which are sometimes called the "Two-pack". The changes that were made to economic governance in December 2011 are contained in what is described as the "Six Pack". The overall rules constitute the Stability and Growth Pact.

One of the new regulations deals with the monitoring and assessment of draft budgetary plans and ensuring the correction of excessive deficits. The other deals with the

strengthening of economic and budgetary surveillance and sets out explicit rules for enhanced surveillance of countries experiencing or threatened with financial difficulties.

The aim of the new regulations is to further enhance economic integration and convergence among euro area member states. It brings some elements of the Fiscal Treaty into EU law. The Fiscal Treaty itself came into effect on 1 January 2013. It is an intergovernmental treaty but is not part of EU law.

The regulations mean that there will be a common budgetary timeline and common budgetary rules for euro area member states. The following dates will apply for Budget 2014:

- By 30 April 2013, euro area member states must publish their medium-term fiscal plans (Stability Programmes), together with their policy priorities for growth and employment for the forthcoming twelve months (National Reform Programmes).
- By 15 October 2013, they must publish their draft budgets for 2014. The Commission will give its opinion on the draft budget by 30 November. The Commission may ask a member state to submit a revised budget if it considers that the draft budget is not in compliance with the state's obligations under the Stability and Growth Pact. Member states, such as Ireland, which are in adjustment programmes are subject to greater surveillance than others. That level of surveillance will continue for a period when countries leave the adjustment programme.
- By 31 December 2013, member states must have adopted their budgets for 2014.

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