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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

(Text with EEA relevance)

{SEC(2023) 295 final} - {SWD(2023) 265 final} - {SWD(2023) 266 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Labour market statistics on businesses (LMB) are official statistics that describe the functioning of businesses in relation to labour markets. The areas covered by LMB mostly relate to the level, composition and evolution of labour costs, the distribution and structure of earnings (including the gender pay gap), and job vacancy statistics.

Timely, reliable, and comparable European labour market statistics on businesses are needed for the EU to fulfil the tasks assigned to it under Articles 2, 3 and 4 of the Treaty on the Functioning of the European Union (TFEU). European labour market statistics on businesses are required for the design, implementation and evaluation of EU policies, in particular the coordination of economic and employment policies (Article 2(3)), monetary policy (Article 3(1c)), social policy (Article 4(2b)), and economic, social and territorial cohesion (Article 4(2c)), as well as equal pay for male and female workers (Article 157(1)).

LMB on the level and structure of labour costs have been collected since 1959¹, with a periodicity of 2 to 4 years based on specific legislation for each data collection, and covered different economic sectors (industry, wholesale and retail distribution, road transport, banking and insurance, services). Council Regulation (EC) No 530/1999 introduced systematic collections of data on the level and composition of labour costs (labour cost survey) for 2000 and at 4-yearly intervals after that. The same act established the statistics on the structure and distribution of earnings (structure of earnings survey) for 2002 and for a representative month in that year, and at 4-yearly intervals after that. Before Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 on the labour cost index was adopted, the data on the evolution of labour costs had been collected on a voluntary basis since 1996. Similarly, Regulation (EC) No 453/2008 of the European Parliament and of the Council established job vacancy statistics as a regulated data collection. Earlier on, they used to be collected on a voluntary basis.

The evaluation conducted by the Commission has shown that the current legal framework of the three acts mentioned above has significantly improved labour market statistics on businesses overall. Those statistics were deemed coherent, efficient, broadly comparable over time and across EU countries, and reliable. They are widely used by organisations and policymakers at all levels.

However, some limitations of the statistics that were recognised already at the time of adoption of the legal acts (missing parts of the economy) became more salient as EU policies developed, and their monitoring required more precise indicators. For instance, LMB are used for monitoring Sustainable Development Goals², the European employment strategy, the European Pillar of Social Rights³ and the European Semester. In addition, the recent directive

¹ Council Regulations: No 10/1960, No 14/1961, No 28/1962, No 151/1962, No 101/66/EEC, (EEC) No 1899/68, (EEC) No 2259/71, (EEC) No 328/75, (EEC) No 494/78, Regulations (EEC) No 2053/69, (EEC) No 3192/73 and (EEC) No 494/78, (EEC) No 1596/81, (EEC) No 3149/83, (EEC) No 1612/88, (EEC) No 3949/92, No 2744/95, (EC) No 23/97.

² <https://ec.europa.eu/eurostat/web/sdi/overview>.

³ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights_en.

on adequate minimum wages⁴, a directive on pay transparency⁵ and the Council recommendation on the establishment of national productivity boards⁶ have highlighted the need for unbiased and comprehensive statistics in the field of earnings and labour costs.

The information collected in several LMB data sets is biased due to the incomplete coverage of the public sector (or parts of it) and micro firms. For several Member States, businesses with one to nine employees are not covered in the structure of earnings survey or in the labour cost survey. This creates biases in key statistics such as the average and median earnings, which are used to derive the gender pay gap or to assess the adequacy of minimum wages. Moreover, the lack of a legal obligation to provide information on the gender pay gap became more problematic as the current data collection is voluntary and does not cover all EU countries or all the required variables. This creates a risk for monitoring gender equality and fair working conditions.

Therefore, the data currently provided to Eurostat cannot be used to their full potential: EU aggregates cannot be calculated for the whole economy and cross-country comparisons will continue to be hampered until all EU countries fully extend the LMB coverage.

The coverage of the whole economy will improve the accuracy of some statistics used as principal European economic indicators (labour cost index, job vacancy rate) or for the Sustainable Development Goals and European Pillar of Social Rights (gender pay gap, median earnings used to assess wage adequacy). Moreover, the collection of annual gender pay gap data should be regulated to ensure future data transmissions and improve its quality. Lastly, the timeliness of some LMB datasets should improve (e.g. the labour cost index) and some existing information gaps be filled (e.g. number of hours worked).

There are also opportunities for simplification with greater use of administrative data and innovative sources (such as web scraping) and better integration among LMB once the legal framework has been unified.

- **Consistency with existing policy provisions in the policy area**

The policy context for LMB has steadily evolved over time. In 2009, the Commission published a Communication to the European Parliament and the Council with its vision for the production method of EU statistics for the decade (2010-2020)⁷. This document looked at the key changes in the business environment of the European Statistical System and the implications for policymaking. It highlighted the importance of an integrated system that enables countries to gather data from different sources, increasing the availability and reach of the analysis. It also underlined the importance of increasing the quality of the data as many external sources do not match the expected requirements for European statistics.

In 2014, the Commission (Eurostat) began the process of modernising social statistics. This led to the adoption of a framework regulation for European statistics relating to persons and

⁴ Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275 of 25.10.2022, p. 33).

⁵ Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (OJ L 132 of 17.05.2023, p. 21).

⁶ Council Recommendation of 20 September 2016 on the establishment of National Productivity Boards (OJ C 349 of 24.09.2016, p. 1).

⁷ Communication from the Commission to the European Parliament and the Council on the production method of EU statistics: a vision for the next decade (COM/2009/0404 final).

households, based on data at individual level collected from samples of persons and households⁸. In addition, on 27 November 2019, the European Parliament and the Council adopted the Regulation on European business statistics, repealing 10 legal acts in the field of business statistics⁹. The LMB is at the intersection of both domains, belonging to social statistics in terms of topic covered and to business statistics according to the type of respondents (enterprises). This initiative on LMB should complete the modernisation of social statistics.

This unified legal framework will provide systematic references to the corresponding concepts used in closely related domains such as the national accounts and European business statistics. Since their adoption, the legislation in both domains has been updated and their methodology has been revised (European system of accounts 2010, European business statistics Regulation). Therefore, it is now necessary to align LMB to bring consistency across the domains and provide clarity to the users of LMB legislation, including the statistical offices of Member States.

- **Consistency with other EU policies**

LMB indicators are used to monitor major European policies, such as the European Pillar of Social Rights and the UN Sustainable Development Goals (SDGs). The gender pay gap is an SDG indicator under goal 5 ‘gender equality’ and is part of the Pillar’s dashboard (principle 2). The right to fair wages and adequate minimum wages is listed under principle 6 (‘Wages’).

LMB provide key information for monetary policy (labour cost index) and will be used to support the recent directive on adequate minimum wages and the directive on pay transparency.

With this proposal, the legal framework for LMB will be further aligned with those EU policies and legislation as they are new or have evolved since the current LMB legislation was adopted.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The legal basis for this proposal is Article 338(1) TFEU, which provides the legal framework for European statistics. In accordance with the ordinary legislative procedure, the European Parliament and the Council adopt measures for the production of statistics where such statistics are necessary for the EU to carry out its role. Article 338(2) sets out the requirements for producing European statistics, stating that they must conform to standards of impartiality, reliability, objectivity, scientific independence, cost-effectiveness and statistical confidentiality without putting an excessive burden on businesses, authorities or the public.

⁸ Regulation (EU) 2019/1700 of the European Parliament and of the Council of 10 October 2019 establishing a common framework for European statistics relating to persons and households, based on data at individual level collected from samples (OJ L 261I of 14.10.2019, p. 1).

⁹ Regulation (EU) 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics, repealing 10 legal acts in the field of business statistics (OJ L 327 of 17.12.2019, p. 1).

- **Subsidiarity (for non-exclusive competence)**

The European Statistical System (ESS) provides an infrastructure for statistical information. The system is designed to meet the needs of multiple users in democratic societies. Among, the main quality criteria, European statistics must be consistent and comparable. Comparability is very important for LMB because of their crucial role in supporting evidence-based economic, social and cohesion policies. Member States cannot produce consistent and comparable statistics without a clear European framework in the form of EU legislation that sets out common statistical concepts, reporting formats and quality requirements. The objective of the proposed action cannot be achieved satisfactorily by Member States acting alone. Action can be taken more effectively at EU level by means of an EU legal act, ensuring the comparability of statistics in the areas the proposed act covers. The data collection itself can be done by Member States.

- **Proportionality**

The proposal complies with the proportionality principle. It will ensure the quality and comparability of European LMB collected and compiled applying the same principles across Member States. It will also ensure that European LMB statistics remain relevant and are adapted so that they respond to user needs. The regulation will make the production of statistics more cost-effective while respecting the specific characteristics of Member States' statistical systems. In accordance with the principle of proportionality, the proposed regulation is restricted to the minimum required to achieve its objective and does not go beyond what is necessary for that purpose.

- **Choice of the instrument**

The proposed instrument is a regulation.

Given the proposal's objectives and content, a regulation is the most appropriate instrument. Important EU policies such as macroeconomic convergence, social cohesion, price stability and gender equality inherently depend on comparable, harmonised and high-quality European labour market statistics on businesses. These can best be ensured by regulations that are directly applicable in Member States and do not need to be transposed into national law first.

3. RESULTS OF *EX POST* EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- ***Ex post* evaluations/fitness checks of existing legislation**

As part of this initiative, the Commission evaluated the current LMB legal framework consisting of Regulations (EC) No 530/1999, (EU) No 450/2003, (EC) No 453/2008 and their implementing measures.

On the positive side, the evaluation shows that LMB allow collecting high quality information that are widely used for the intended purposes. The strengths of LMB lie in their coherence, efficiency, comparability and the fact that they are well established, reliable and widely used by organisations and policymakers at all levels. One of the current legal framework's weaknesses is that it **does not cover data collection on the gender pay gap**. The lack of a legal obligation to provide annual information on the gender pay gap has become more problematic as the voluntary data collection infringes on its quality and brings risk factors to following up the European Pillar of Social Rights, EU monitoring of goal 5 of the UN Sustainable Development Goals and monitoring the gender equality strategy and the directive on pay transparency. Some Member States have not provided any annual gender pay gap data.

Another weakness of the current legal framework is that it **does not capture significant actors of the EU economy, such as micro firms**. Some shortcomings of the LMB that were already identified when the legal acts were adopted remain. These shortcomings were addressed in different ways in the existing framework (by requiring feasibility studies that could have led to an amendment of the legislation or by providing financial support for creating the capabilities needed) but were not resolved for some data collections. Therefore, the information collected is biased in several LMB, in particular due to the incomplete coverage of some sectors of the economy or of micro-enterprises. As a result, the data provided to Eurostat cannot be used to their full potential: EU aggregates cannot be calculated for the whole economy, and it is difficult to compare countries.

Moreover, **there is room for improving the timeliness and frequency of LMB data**. The results of the stakeholder consultation show that the frequency of the structure of earnings survey and the labour cost survey is not sufficient anymore for some users. They also believe that the timeliness could be improved for both surveys as well as for the labour cost index.

Another shortcoming is that LMB, **with an increased focus on evidence-based policy making, became important over time for improved analysis**. The existing legislation focuses on data needs for the policy priorities at the time when the initiative was originally developed. Over time, these priorities have evolved, and the current LMB no longer cover policy breakdowns or variables sufficiently. Most notably, the gaps confirmed in the stakeholder consultation focus on a series of variables that, when included in the structure of earnings survey, would allow for a better analysis of the microdata and the derived gender pay gap. Lastly, more granular data on job vacancies was considered necessary.

An additional weakness of the current legal framework is that it **is not adapted to make use of new sources in Member States and at EU level**. The LMB regulations did not envisage the use of innovative data as a possible source because they were not available at that time. Therefore, the current quality reporting framework is not fit for assessing those new data sources. Moreover, the increased use of administrative data that has been observed in recent years would require proper documentation, which is not possible through the existing quality reporting.

Finally, the framework's **definitions, concepts and approaches in related statistical domains are not aligned**. Although individual LMB are internally coherent, the legal architecture could be simplified by replacing the three framework regulations currently in force with one consolidated text to ensure full harmonisation and consistency across all LMB data collections.

- **Stakeholder consultations**

The consultation strategy mapped key stakeholder profiles in three main groups: (i) providers of source data (such as holders of administrative data) and respondents (data providers in businesses participating directly in the data collection); (ii) statistics producers (mainly national statistical institutes); and (iii) statistics users.

The consultation included the following activities: public and targeted consultations, a targeted workshop, interviews with key stakeholders and desk research.

The stakeholder consultation successfully reached the intended stakeholder groups (except administrative data providers, individual enterprises employing less than 10 people, and media organisations). The burden on enterprises related to LMB was assessed indirectly via the national statistical institutes, and some business associations also gave their views. Given

the subject's technical nature, respondents' overall engagement was considered sufficient to support the back-to-back evaluation and impact assessment of LMB.

Feedback from the consultation showed support for the Commission's initiative and acknowledged that matters had significantly improved since the previous policy action on LMB. However, it also helped identify statistical gaps and new statistical needs that the current legal framework cannot meet. The actions that all stakeholder groups considered a priority were: regulating data collection on the gender pay gap, improving the coverage of LMB and improving timeliness. The main proposal on which producers and users had diverging views was increasing the frequency of the 4-yearly data collections (structure of earnings survey and labour cost survey). This was perceived to be too burdensome for the respondents (businesses) and too costly for national statistical institutes. However, it was seen as bringing great added value to users.

- **Collection and use of expertise**

The LMB review was presented and discussed with Commission expert groups to seek advice and input on the progress of the evaluation and impact assessment. These were mostly meetings of Eurostat-led expert groups with the participation of Member State experts, namely the [Labour Market Statistics Working Group](#) and the ([group of the European Directors of Social Statistics](#)). The European Statistical System Committee¹⁰ was also kept informed of progress.

Eurostat carried out this evaluation with support from a study contracted to ICF SA, Belgium. This support study provided the preparation of the evaluation and impact analysis, the analysis of the public consultation, and the organisation and analysis of stakeholder consultation activities (except for the public consultation that was prepared by Eurostat).

- **Impact assessment**

The impact assessment for this initiative¹¹ received a positive opinion with reservations from the Regulatory Scrutiny Board on 20 January 2023 following a written procedure¹². A revised version of the impact assessment report addressing the reservations was endorsed in writing by an interservice steering group on 13 March 2023.

The general objective set out in the impact assessment is to produce LMB that are up to date, relevant, comprehensive in coverage of all economic sectors, comparable across Member States and consistent with related statistical domains. This can be broken down into three specific objectives aligned to the problems outlined above:

- adapt the regulatory framework to allow for flexibility in meeting emerging needs, publish more timely statistics, and promote the use of innovative sources and methods (whose quality has been duly assessed);
- extend the coverage of statistics to the whole economy, and ensure gender pay gap data are provided by all Members States;
- improve the consistency with related statistical domains.

Policy options have been developed by grouping detailed policy measures that address the specific objectives.

¹⁰ Established under Regulation (EC) No 223/2009 of the European Parliament and of the Council.

¹¹ SWD(2023) 265; SWD(2023) 266.

¹² SEC(2023) 295.

Option 0 is the baseline scenario.

In **option 1**, the data collections specified in the three existing regulations are integrated under a new single framework regulation that also covers the gender pay gap. Definitions, concepts and approaches are aligned, and an overall planning is set up to better synchronise data transmissions. Except for the new legal basis for the gender pay gap, all improvements that go beyond a mere recast of the current legislation would remain voluntary. As a result, option 1 does not address emerging needs. It would only partially address the existing coverage gaps or slightly improve the timeliness of LMB data for a few voluntary countries.

In **option 2**, the coverage is extended to micro businesses for the structure of earnings survey (only for collecting the main information to limit burden) but not for the labour cost survey. The scope of both those surveys is extended to the NACE section ‘Public administration and defence; compulsory social security’, and job vacancy statistics cover the whole economy in all countries. Timeliness is slightly improved for the quarterly labour cost index and for the 4-yearly structure of earnings survey but not for the labour cost survey. The frequency of both surveys stays as it is in the baseline. Developing a legal basis for the gender pay gap and covering emerging needs is also part of this option. This option also ensures improved quality reporting for all data collections and better harmonisation and planning via the integrated framework regulation.

Option 3 exhaustively tackles the need for improvement and harmonisation of all LMB as expressed by stakeholders. It includes all identified policy measures or the most ambitious ones when alternative ones were envisaged. These measures are related to coverage, timeliness, high frequency of surveys on the structure of earnings and labour costs, quality reporting, use of administrative data and innovative sources, alignment of concepts across LMB domains, making gender pay gap data collection compulsory and covering emerging needs. That means that the coverage of both surveys is extended to micro firms and to the NACE section ‘Public administration and defence; compulsory social security’, and job vacancy statistics cover the whole economy. The timeliness of the structure of earnings survey shows a significant improvement, while the labour cost survey shows a moderate improvement; the timeliness of the labour cost index also improves. In this option, LMB benefits from improved quality reporting and better harmonisation and planning through one integrated framework regulation.

A qualitative assessment of the four options selected for the impact assessment was carried out. It assessed proportionality, followed by effectiveness, efficiency and coherence.

According to the estimates based on information from the national statistical institutes, option 3 creates a significant increase in the burden on businesses, and this leads to an 88% increase in their costs for answering surveys. Option 2 results in an 11% increase in the burden on businesses. In option 3, the costs for data compilers increase by 64% against 12% in option 2. Option 1 creates a negligible increase in the burden on and costs for businesses and national statistical institutes.

All the options ensure proportionality. Although option 3 covers more ambitious proposals, such as doubling the frequency of two data collections that currently take place every 4 years, it was not considered realistic given the current need to limit costs and burden. As a result, it is unlikely that this option could be implemented currently by the European Statistical System. While option 3 is the most effective, it is also the most expensive and places the highest burden on businesses. According to data providers, the implementation of option 3

would also raise serious difficulties in the field. Option 2 was identified as addressing the needs of data users and providers in the most cost-efficient way. The preferred option is therefore option 2. The legislative proposal is in line with this option.

- **Regulatory fitness and simplification**

The favoured option (option 2) will lead to simplification and more efficiency in the three following ways.

- (a) Merging the existing three framework regulations into one single legal act.
- (b) Fostering the use of alternative administrative sources and modern digital techniques, including web scraping and automatically transferring payroll data, which will play a role in mitigating the burden on enterprises in general and small and medium-sized businesses (SMEs) in particular. This could be achieved by extracting earnings and labour cost data from the payroll systems of companies and job advertisements from internet. New administrative and innovative data should also help cover emerging needs.
- (c) Only collecting variables on apprentices from those countries where they represent a sizeable share of all employees (more than 1%).

By extending the structure of earnings survey proposed in option 2 to micro firms, the burden increase for all SMEs amounts to 0.24% of the current average burden every 4 years. This is based on an average sampling rate of 2.5% for SMEs. Moreover, the extension will cover only limited information and be balanced by a simplification of the labour cost survey on apprentices.

The proposed option is fully in line with the principle of digital-ready policymaking: digitalisation is at the core of statistical processes in the European Statistical System ('digital by default'). Specific measures will be implemented digitally (web forms, digital processes, IT programmes) to minimise the costs for national statistical institutes and the burden on respondents.

- **Fundamental rights**

The impact assessment identified a potential positive indirect impact on fundamental rights. Better quality of statistics on the gender pay gap (including better data on people working in micro firms) would improve fundamental rights policies.

4. BUDGETARY IMPLICATIONS

The proposal does not include funding regular data collections, but it provides for EU co-funding of modernisation efforts, including pilot and feasibility studies in Member States. Moreover, human and operational (IT) resources in the Commission (Eurostat) will need to remain stable to handle the regulatory, monitoring and production workload that the significantly improved data collections will create.

The overall financial impact of the proposal is of unlimited duration. The estimated budgetary implications for the remaining period of the current 2021-2027 EU long-term budget (also known as the multiannual financial framework) after the regulation enters into force are set out in the legislative financial statement.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The proposed regulation is expected to be adopted by the European Parliament and the Council in 2024, and the Commission's implementing measures will be adopted shortly after that. The regulation will be directly applicable in all Member States.

Member States are expected to start providing data to the Commission under the new regulation starting from the reference year 2026 for job vacancy statistics, the structure of earnings survey, the gender pay gap and labour cost indices, and from 2028 for the labour cost survey. In line with the impact assessment, the implementation of the adopted regulation will be monitored and evaluated regularly. The impact assessment also includes monitoring arrangements including proposals for indicators to be used.

- **Detailed explanation of the specific provisions of the proposal**

The proposed regulation lays down a new framework for European labour statistics on businesses. It integrates current statistics on the structure and distribution of earnings and labour costs, the labour cost index, job vacancies and the gender pay gap. It also specifies that Member States must provide statistics on 3 domains (earnings, labour costs, labour demand), 5 related topics and 20 detailed topics. These are supported by articles on the subject matter, definitions, data sources and methods (including specific enablers for the reuse of administrative data sources), data requirements, early estimates, statistical population and units, ad hoc data requirements, quality requirements and quality reporting, pilot and feasibility studies, and potential financial contributions.

The details of data requirements will be specified in implementing acts, but the proposed regulation makes it possible to amend the list of detailed topics and their periodicity, reference periods and data transmission deadlines by delegated acts. The proposal also provides for the possibility to respond to upcoming data requirements with ad hoc data collections. Lastly, the proposed regulation offers potential co-financing to further modernise statistical production systems and carry out pilot and feasibility studies as appropriate. These implementing and delegated powers conferred on the Commission, as well as the possibility to launch pilot and feasibility studies, are proposed so that the new framework maintains a certain flexibility to address emerging user needs and opportunities from new data sources in the long term.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 338(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹³,

Having regard to the opinion of the Committee of the Regions¹⁴,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Labour market statistics on businesses in the European Union are required for the design, implementation and evaluation of the Union policies, in particular those addressing economic, social and territorial cohesion, the European employment strategy, the European Pillar of Social Rights and the European Semester.
- (2) The prevention and correction of macroeconomic imbalances according to Regulation (EU) 1176/2011¹⁵ and the monitoring of adequate minimum wages according to Directive (EU) 2022/2041 of the European Parliament and of the Council¹⁶ require accurate information on the evolution of hourly labour costs and wage levels across Member States.
- (3) The European Central Bank uses European labour market statistics on businesses, in the context of the single monetary policy, for monitoring inflation and deflation risks arising from labour costs. Therefore, accurate, timely and comparable Union statistics on the evolution of labour costs are necessary.

¹³ OJ C , , p. .

¹⁴ OJ C , , p. .

¹⁵ Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25)

¹⁶ Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275 of 25.10.2022, p. 33).

- (4) It is necessary to extend the coverage of job vacancy statistics and the timeliness of the labour cost index as both indicators are listed among the Principal European Economic Indicators (PEEIs)¹⁷, needed to monitor monetary and economic policies.
- (5) A legal basis is necessary to regulate the transmission of the annual gender pay gap for monitoring the Sustainable Development Goals under the 2030 Agenda of the United Nations (UN), in particular, goal 5 on Gender Equality.
- (6) The implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation¹⁸ requires comparable data on wages received by men and women. Directive (EU) 2023/970 of the European Parliament and of the Council to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women¹⁹ requires Member States to provide the Commission with up-to-date gender pay gap data annually and in a timely manner. This obligation should be complemented by the appropriate necessary statistical frame for compiling and transmitting gender pay gap data.
- (7) In order to simplify the existing legislation and foster harmonisation in scope, concepts, definitions and quality reporting, this Regulation should cover all European labour market statistics on businesses.
- (8) This Regulation should take into account new needs that have emerged with the development and deepening of the Union and the euro area, provided that its provisions do not create a disproportionate burden on respondents or national statistical authorities.
- (9) To limit the burden on enterprises, in particular on SMEs, the national statistical authorities should consider administrative and innovative sources, the main aim of which is not the provision of statistics, as a substitute for or a complement to statistical surveys, subject to the quality requirements for official statistics. The latest technological and digital developments can contribute to this objective.
- (10) In order to improve the efficiency of the statistical production processes of labour market statistics and to reduce the statistical burden on respondents, national statistical authorities should have the right to access and use, promptly and free of charge, all national administrative records and to integrate those administrative records with statistics, to the extent necessary for the development, production and dissemination of European Union labour market statistics on businesses, in accordance with Article 17a of Regulation (EC) No 223/2009 of the European Parliament and of the Council²⁰.

¹⁷ Communication of the Commission to the European Parliament and the Council on eurozone statistics ‘towards improved methodologies for eurozone statistics and indicators’ – COM/2002/0661 final of 27 November 2002.

¹⁸ Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (OJ L 204 of 26.07.2006, p. 23)

¹⁹ Directive (EU) 2023/970 of the European Parliament and of the Council of 10 May 2023 to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (OJ L 132 of 17.05.2023, p. 21).

²⁰ Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics,

- (11) Regulation (EC) No 223/2009 constitutes the reference framework for this Regulation, including as regards the protection of confidential data.
- (12) Since the objective of this Regulation, namely the establishment of a common framework for systematic production of high quality European Union labour market statistics on businesses, cannot be sufficiently achieved by Member States but can rather, for reasons of consistency and comparability, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (13) The European Data Protection Supervisor was consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725 of the European Parliament and of the Council²¹ and delivered an opinion on [xxx].
- (14) For the appropriate implementation of this Regulation in Member States, at least 12 months after the date of entering into force are needed before the first data collection.
- (15) The European Statistical System Committee has been consulted.

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

This Regulation lays down a common legal framework for the development, production and dissemination of labour market statistics on businesses in the Union.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

- (1) ‘statistical unit’ means the entity on which the data are collected or compiled;
- (2) ‘enterprise’ means a set of legal units as defined in Council Regulation (EEC) No 696/93²²; This includes non-market producers and other institutional units that belong to the general government sector;
- (3) ‘local unit’ means an enterprise, or a part thereof, situated in a geographically identified place;
- (4) ‘resident enterprise’, respectively ‘resident local unit’, means an enterprise, respectively a local unit, carrying out economic activities contributing to the gross domestic product (GDP);

and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

²¹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

²² Council Regulation (EEC) No 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community (OJ L 76, 30.3.1993, p. 1), ANNEX-Section III-A.

- (5) 'employee' means any person irrespective of his/her nationality, residency or how long he/she has worked in the Member State who has a direct employment contract with an enterprise (whether the agreement is formal or informal) and receive remuneration, irrespective of the type of work performed, the number of hours worked (full-time or part-time) and the duration of the contract (fixed or indefinite, including seasonal); the remuneration of an employee can take the form of wages and salaries, including bonuses, pay for piecework and shift work, allowances, fees, commission and remuneration in kind;
- (6) 'employer' means an enterprise or a local unit that has a direct employment contract with an employee (whether the agreement is formal or informal);
- (7) 'domain' means one or several data sets that cover one or several topics;
- (8) 'topic' means the content of the information to be collected about the statistical units in a data collection, with each topic covering several detailed topics;
- (9) 'detailed topic' means the detailed content of the information to be collected about the statistical units related to a topic; each detailed topic covers one or several variables;
- (10) 'variable' means a characteristic of a unit that may assume more than one of a set of values, which can be an absolute figure, a proportion, or a reference to a position in a classification;
- (11) 'breakdown' means a predefined discrete, exhaustive and mutually exclusive set of values which can be assigned to a variable characterising statistical units;
- (12) 'microdata' means data concerning only one statistical unit without a direct identifier;
- (13) 'aggregated data' means data concerning a set of several statistical units;
- (14) 'statistical population' means the set of statistical units about which information is wanted and estimates are required;
- (15) 'sampling frame' means a list, map or other specification of the units which determine a statistical population that is to be completely enumerated or sampled;
- (16) 'sample' means a subset of a sampling frame whose elements are selected based on a process with a known probability of selection, designed so as to allow for deriving valid estimations for the statistical population;
- (17) 'respondent' means the reporting unit that supplies information to the authority conducting the survey;
- (18) 'survey data' means data collected on a sample of respondents and extrapolated to the statistical population by using appropriate mathematical methods;
- (19) 'administrative records' mean data generated by an administrative entity, usually a public body, the main aim of which is not the provision of statistics;
- (20) 'other sources' means data generated by a non-administrative entity including private records, websites and databases, the main aim of which is not the provision of official statistics;
- (21) 'statistical classification' means an ordered list, with one or more levels of detail, of related though mutually exclusive categories used to structure information in a given statistical domain according to its similarities;

- (22) 'reference period' means the period to which the data refer;
- (23) 'data collection period' means the time period at which the data are collected.
- (24) 'metadata' means information that is needed to use and interpret statistics and that describes the data in a structured way;
- (25) 'pre-checked data' means data verified by Member States based on agreed common validation rules;
- (26) 'quality report' means a report conveying information about the quality of a statistical product or process.

Article 3

Sources and methods

1. For the purpose of compiling statistics under this Regulation, Member States shall use or reuse one or a combination of the following sources provided they meet the quality standards referred to in Article 8:

- (a) survey data;
- (b) administrative records;
- (c) other sources.

2. Surveys used for the purpose of labour market statistics on businesses shall be based on samples which are representative of the statistical population. Samples of enterprises or local units shall be drawn from the national statistical business registers as defined in Article 8(4) of Regulation (EU) 2019/2152.

3. Member States shall provide the Commission (Eurostat) with detailed information on the sources and methods used through the quality reports referred to in Article 8(4).

Article 4

Data requirements

1. Labour market statistics on businesses shall cover the following domains and topics:

- (a) earnings:
 - (i) structure of earnings;
 - (ii) gender pay gap;
- (b) labour costs:
 - (i) structure of labour costs;
 - (ii) labour cost index;
- (c) labour demand:
 - (i) job vacancies.

The topics labour cost index, referred to in point (b)(ii), and job vacancies, referred to in point (c)(i), include their respective early estimates referred to in Article 5.

2. For each topic listed in paragraph 1, the detailed topics, their corresponding periodicity, reference periods and transmission deadlines shall be as set out in the Annex.
3. The Commission shall be empowered to adopt delegated acts in accordance with Article 13 to amend the list of the detailed topics, the periodicity, the reference periods and the transmission deadlines set out in the Annex.
4. When exercising power to adopt delegated acts pursuant to paragraph 3, the Commission shall ensure that the amendments do not impose significant and disproportionate burden on Member States and respondents. For this purpose, feasibility studies as set out in Article 9 shall be launched and their results duly assessed and taken into account.
5. The data shall be transmitted to the Commission (Eurostat) in the form of aggregated data, except for the topic structure of earnings, referred to in paragraph 1, point (a)(i), for which microdata shall be transmitted for individual employees and local units.
6. Member States shall provide pre-checked data and related metadata using a technical format specified by the Commission (Eurostat) for each data set. The single entry point services shall be used to provide the data to the Commission (Eurostat).
7. The Commission shall adopt implementing acts specifying the following elements for each topic:
 - (a) the list and description of variables;
 - (b) statistical classifications and data breakdowns;
 - (c) precision targets;
 - (d) the metadata to be transmitted with the same periodicity, reference period and deadlines as the data they refer to;
 - (e) the data collection periods.

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14(2) at least 12 months before the beginning of the relevant reference period.

Article 5

Early estimates

1. Early estimates for the labour cost index referred to in Article 4(1), point (b)(ii) and job vacancies referred to in Article 4(1), point (c)(i) shall be transmitted:
 - (a) by Member States whose annual number of employees represents more than 3% of the EU total, for each of the 3 latest consecutive years; and
 - (b) by Member States of the euro area whose annual number of employees represents more than 3% of the euro area total, for each of the 3 latest consecutive years;
2. The shares of employees in the EU total and euro area total mentioned in paragraph 1 shall be assessed by the Commission (Eurostat) based on the available EU labour force survey annual data.

3. Should there be any change in the list of Member States whose annual number of employees is higher than the thresholds referred to in points (a) and (b) of paragraph 1, the Commission (Eurostat) shall notify the Member State(s) concerned within 6 months after the end of the period used to assess the 3% threshold. If the updated shares of employees fall below the respective thresholds referred to in points (a) and (b) of paragraph 1, the Member State(s) concerned shall be allowed to stop transmitting early estimates as from the reference quarter of the first calendar year following the date of the notification. If the updated shares fall above those thresholds, the Member State(s) concerned shall transmit the early estimates from the first reference quarter of the third calendar year following the date of the notification.

Article 6

Statistical units and statistical population

1. Statistics under this Regulation shall be compiled for one or more of the following statistical units:

- (a) enterprises;
- (b) local units;
- (c) employees.

2. For topics labour cost index, referred to in Article 4(1), point (b)(ii) and job vacancies, referred to in Article 4(1), point (c)(i), the statistical population shall consist of all enterprises or all local units that are resident of the Member State and which fulfil the following conditions:

- (a) their main economic activity is included in any section of the NACE classification²³, except ‘Agriculture, forestry and fishing’, ‘Activities of households as employers and undifferentiated goods – and services – producing activities of households for own use’ and ‘Activities of extraterritorial organisations and bodies’ and
- (b) they have 1 or more employees.

3. For topics structure of earnings, referred to in Article 4(1), point (a)(i), and gender pay gap, referred to in Article 4(1), point (a)(ii), as regards data on the employer, the statistical population shall consist of all local units that are resident of the Member State and which fulfil the following conditions:

- (a) their economic activity is included in any section of the NACE classification, except ‘Agriculture, forestry and fishing’, ‘Activities of households as employers and undifferentiated goods – and services – producing activities of households for own use’ and ‘Activities of extraterritorial organisations and bodies’; and
- (b) they have 1 or more employees.

²³ Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (OJ L 393, 30.12.2006, p. 1)

For the topics structure of earnings and the gender pay gap, as regards data on the employee, the statistical population shall consist of all employees whose local unit belongs to the statistical population defined under points (a) and (b) of the first subparagraph.

4. By derogation to points (a) and (b) of paragraph 3, as regards gender pay gap data for reference period 2026, the transmission shall cover all local units that are part of enterprises with 10 or more employees and that, in addition to the activities excluded in paragraph 3 point (a), do not belong to the section ‘Public administration and defence; compulsory social security’ of the NACE classification.

5. For the topic structure of labour costs, referred to in Article 4(1), point (b)(i), the statistical population shall consist of all local units that are resident of the Member State and which fulfil the following conditions:

- (a) their economic activity is included in any section of the NACE classification, except ‘Agriculture, forestry and fishing’, ‘Activities of households as employers and undifferentiated goods – and services – producing activities of households for own use’ and ‘Activities of extraterritorial organisations and bodies’; and
- (b) they are part of enterprises with 10 or more employees.

Article 7

Ad hoc data requirements

1. The Commission is empowered to adopt delegated acts supplementing this Regulation in accordance with Article 13 by specifying the information to be provided by Member States on an ad hoc basis, where, within the scope of this Regulation, the collection of additional data is deemed necessary for the purpose of addressing additional statistical data needs. Those delegated acts shall specify:

- (a) the detailed topics to be provided in the ad hoc data collection related to the domains and topics specified in Article 4 and the reasons for such additional needs;
- (b) the reference periods and transmission deadlines.

2. The Commission is empowered to adopt delegated acts referred to in paragraph 1 starting with reference year 2028 and with a minimum of 2 years between each ad hoc collection.

3. The Commission shall adopt implementing acts to specify the ad hoc information referred to in paragraph 1 and metadata. Those implementing acts shall specify the following technical elements, where appropriate:

- (a) the list and description of variables;
- (b) statistical classifications and data breakdowns;
- (c) detailed specifications of the statistical units covered;
- (d) the metadata to be transmitted;
- (e) the data collection periods.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14(2) not later than 24 months before the beginning of the relevant reference period.

Article 8

Quality requirements and quality reporting

1. Member States shall take the necessary measures to ensure the quality of the data and metadata transmitted.
2. Member States shall ensure that the data obtained using the sources laid down in Article 3 provide a full coverage of and give accurate estimates on the statistical units and population defined in Article 6.
3. For the purpose of this Regulation, the quality criteria defined in Article 12(1) of Regulation (EC) No 223/2009 shall apply.
4. Member States shall transmit quality reports on the sources and methods for each of the topics listed in Article 4.
5. The Commission shall adopt implementing acts to set out the practical arrangements for the quality reports and their content. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14(2).
6. Member States shall inform the Commission (Eurostat) about any relevant information or change with regard to the implementation of this Regulation that would influence the quality of the data transmitted. The information shall be given as soon as possible and no later than 3 months after any such change enters into force.
7. Upon a duly reasoned request from the Commission (Eurostat), Member States shall provide additional information necessary to evaluate the quality of the statistical information.
8. The Commission (Eurostat) shall assess the quality of the data transmitted, the sources and methods used and the sampling frames.

Article 9

Feasibility and pilot studies

1. In order to improve the labour market statistics on businesses or to limit the burden on enterprises, the Commission (Eurostat) may initiate feasibility and pilot studies. The purpose of such studies shall include improving quality and comparability, exploring new possibilities and implementing new features to respond to user needs, improving integration between surveys and other data sources, and reducing the burden on respondents. The studies shall take into account technological and digital developments.
2. Member States may participate in those studies on a voluntary basis. In cooperation with the Commission (Eurostat), they shall ensure the studies are representative at Union level.

3. The results of those studies shall be evaluated by the Commission (Eurostat) in cooperation with Member States and the main stakeholders. The Commission (Eurostat) shall prepare reports on the findings of the studies in cooperation with the Member States.

Article 10

Financing

1. A financial contribution may be provided from the general budget of the Union to the national statistical institutes and other national authorities, referred to in Article 5(2) of Regulation (EC) No 223/2009, to:

- (a) improve sources, including sampling frames, for the labour market statistics on businesses, from the date this Regulation enters into force until 31 December 2029 at the latest;
- (b) improve methods for the labour market statistics on businesses, including the feasibility and pilot studies referred to in Article 9.

The Union shall not finance costs for the regular compilation of statistics to be transmitted under this Regulation.

2. The Union financial contribution shall not exceed 90% of the eligible costs.

Article 11

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures to ensure that, when actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, over all grant beneficiaries, contractors and subcontractors who have received Union funds under this Regulation.

3. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council²⁴ and Council Regulation (Euratom, EC) No 2185/96²⁵ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the

²⁴ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

²⁵ Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2.).

Union in connection with a grant agreement or grant decision or contract funded under this Regulation.

4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and with international organisations, contracts, grant agreements and grant decisions resulting from the implementation of this Regulation shall contain provisions expressly empowering the Commission, the Court of Auditors, the European Public Prosecutor and OLAF to conduct such audits and investigations, in accordance with their respective competences.

Article 12

Derogations

1. Where the application of this Regulation, or the delegated or implementing acts adopted pursuant thereto, requires major changes to be made to a Member State's national statistical system, the Commission may grant, by means of implementing acts, derogations to the Member State, for a maximum duration of 2 years. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14(2).

When granting the derogations, the Commission shall take into account the comparability of Member States' statistics and the timely calculation of the required representative and reliable European aggregates. The Commission shall also ensure that the requirements related to statistics, metadata and quality covered under this Regulation that were previously covered under the repealed regulations continue to be met without interruption.

2. The relevant Member State shall submit a duly justified request to the Commission within 3 months after the date of entry into force of this Regulation or the delegated or implementing acts adopted pursuant thereto.

Article 13

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Articles 4(3) and 7(1) shall be conferred on the Commission for an indeterminate period of time from [Publications Office: please insert exact date of entry into force of the Regulation].

3. The delegation of power referred to in Articles 4(3) and 7(1) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect on the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to Articles 4(3) and 7(1) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.

Article 14

Committee procedure

1. The Commission shall be assisted by the European Statistical System Committee established by Regulation (EC) No 223/2009. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 15

Repeal

1. Regulations (EC) No 530/1999, (EC) No 450/2003 and (EC) No 453/2008 are repealed with effect from 1 January 2026.

2. References to the repealed Regulations shall be construed as references to this Regulation.

Article 16

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2026.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

1.2. Policy area(s) concerned

1.3. The proposal/initiative relates to:

1.4. Objective(s)

1.4.1. General objective(s)

1.4.2. Specific objective(s)

1.4.3. Expected result(s) and impact

1.4.4. Indicators of performance

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

1.5.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention, which is additional to the value that would have been otherwise created by Member States alone.

1.5.3. Lessons learned from similar experiences in the past

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

1.5.5. Assessment of the different available financing options, including scope for redeployment

1.6. Duration and financial impact of the proposal/initiative

1.7. Method(s) of budget implementation planned

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

2.2. Management and control system(s)

2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio of 'control costs ÷ value of the related funds managed'), and assessment of the expected levels of risk of error (at payment & at closure)

2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected**
- 3.2. Estimated financial impact of the proposal on appropriations**
 - 3.2.1. Summary of estimated impact on operational appropriations*
 - 3.2.2. Estimated output funded with operational appropriations*
 - 3.2.3. Summary of estimated impact on administrative appropriations*
 - 3.2.3.1. Estimated requirements of human resources*
 - 3.2.4. Compatibility with the current multiannual financial framework*
 - 3.2.5. Third-party contributions*
- 3.3. Estimated impact on revenue**

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Regulation of the European Parliament and of the Council on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

1.2. Policy area(s) concerned

3403 – Production of statistical information

1.3. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project/preparatory action²⁶

☐ the extension of an existing action

X a merger or redirection of one or more actions towards another/a new action

1.4. Objective(s)

1.4.1. General objective(s)

The general objective of the action is to produce labour market statistics on businesses that are up to date, relevant, comprehensive in coverage of major economic sectors, comparable across Member States and consistent with related statistical domains.

1.4.2. Specific objective(s)

The general objective can be split in three specific objectives:

Adapting the regulatory framework to allow for flexibility in meeting emerging needs, publish more timely statistics, and promote the use of innovative sources and methods (whose quality has been duly assessed);

Extending the coverage of statistics to the whole economy and ensure gender pay gap data are provided by all Members States;

Improving the consistency with related statistical domains.

1.4.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The expected results are:

- improved harmonisation and comparability of European Union labour market statistics on businesses;

- elimination of biases in job vacancies and earnings data;

- better timeliness of data on the structure of earnings and the labour cost index;

²⁶

As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

- better reporting on the quality of administrative and innovative data reused for LMB;

These results will help improve data users' satisfaction and measuring policies on minimum wages and equality.

1.4.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

The performance of the new legal framework for European Union labour market statistics on businesses will be monitored and evaluated against the specific objectives.

During the implementation phase of the new legal framework, the Commission (Eurostat) will continue organising regular expert group meetings with partner national statistical institutes in the ESS to discuss and clarify any issues that may arise. This continues a long-standing history of good and close cooperation between Eurostat and its ESS partners on technical and statistical matters. The cooperation includes diligent joint preparation of key implementing acts regulating the detailed new statistical data and metadata requirements, which will be of great interest to both statistics users and producers. The implementation stage is planned to conclude with a first evaluation focusing on the implementation, functioning and initial impact of the new legal framework. So that there is sufficient information on the performance, this evaluation is planned within 3 to 5 years after the entry into force of the new legal framework. This is in line with Better Regulation guidance that evaluations should have access to at least 3 full years of data.

After moving to the application phase, the Commission (Eurostat) plans to evaluate the functioning and impact of the legislation every 3 to 5 years.

The list of possible key performance indicators is provided in Table 13 of the impact assessment report (SWD(2023) 265).

The Commission (Eurostat) produces common European statistical guidelines and sets requirements for quality reporting on the development, production and dissemination of statistics. The quality reports that Member States are required to produce have to include specific checks, relevant to that data collection. This will ensure the quality of the statistical data and metadata.

1.5. **Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

The proposed regulation aims to create a new framework for producing labour market statistics on businesses in an integrated manner. Member States' current data collections will be harmonised, streamlined more timely and their coverage extended to better address policy needs. The planned first reference period for data collections under the new framework are in 2026.

To set up and implement this new framework as planned, the new regulation should be adopted by the European Parliament and the Council in 2024, allowing for the implementing acts on the first data collections to be adopted by the end of 2024, i.e. at least 12 months before the start of the first reference period.

Data and metadata collections of quarterly information on job vacancies and the labour cost index will start in the first quarter of 2026. The first reference period for

the annual gender pay gap collection and for the 4-yearly structure of earnings is 2026. The first reference period for the structure of labour costs is 2028.

Lastly, the proposal provides for the Commission (Eurostat) and Member States to carry out pilot studies as necessary and proportionate to further modernise the statistics under the regulation (assessing new data sources, including privately held sources, and statistical topics, developing new methodologies).

- 1.5.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention, which is additional to the value that would have been otherwise created by Member States alone.*

The problems identified in the evaluation have a genuine EU-wide scope clearly linked to gaps in the current EU legislation. Without further EU legislative action, these problems will persist or worsen.

The current EU legislation will likely continue to become less effective and efficient in achieving its objectives. These objectives have changed over time given the more prominent role of the statistics concerned in monitoring policy. The statistics' relevance will also likely decrease further as the EU-level statistics are expected to diverge further from users' needs in terms of coverage and desired timeliness.

The added value of complete and comparable LMB is that they are an important input into strategic EU policies (monetary and economic policies, the gender equality strategy, principle 6 of the European Pillar of Social Rights, the UN Sustainable Development Goals). LMB are also designed to meet the needs of many users for decision-making at all levels in the EU, research and informing the general public.

- 1.5.3. *Lessons learned from similar experiences in the past*

Mandatory data collections with set common rules are key to ensure completeness and timeliness of LMB at EU level. Regulating voluntary data collections that are already highly complete may lead to significant effectiveness and efficiency gains as considerable EU added value can be generated at a limited additional cost.

A lack of full coverage of the economy by LMB data collections causes biases, which create difficulties in accurately interpreting and using data.

Voluntary data collections are appropriate instruments to pilot the production of new topics or characteristics and to foster the capability of national statistical systems to provide such data. However, they tend to become inefficient over time as recurrent production costs can fail to generate substantial EU added value in terms of completeness across Member States.

The current legislation is too rigid to stay relevant over time. This intervention has become less relevant rather quickly, which already started during its implementation period. This has been due to the lack of flexible mechanisms to adapt data collections to evolving needs or to leverage opportunities driven by the availability of new data sources.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The proposal is compatible with the current multiannual financial framework as it aligns with the single market programme established under Regulation (EU) 2021/690.

The proposal is also compatible with Regulation (EC) No 223/2009 on European statistics, Regulation (EU) 2019/2152 on business statistics and Regulation (EU) No 549/2013 on the European system of national and regional accounts in the European Union.

Moreover, the proposal completes the modernisation of European social statistics initiated under Regulation (EU) 2019/1700 establishing a common framework for European statistics relating to persons and households, based on data at individual level collected from samples and the current proposal of the Commission for a Regulation on European statistics on population and housing (COM(2023) 31 final).

1.5.5. Assessment of the different available financing options, including scope for redeployment

The financing needs of the proposal will be covered by the respective financing decisions / annual work programmes of the single market programme and the successor programme incorporating European statistics.

1.6. Duration and financial impact of the proposal/initiative

☐ **limited duration**

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ Financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ **unlimited duration**

- Implementation with a start-up period from 2023 to 2024,
- followed by a full-scale operation.

1.7. Method(s) of budget implementation planned²⁷

☒ **Direct management** by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☐ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees;
- ☐ bodies or persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

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²⁷

Details of budget implementation methods and references to the Financial Regulation may be found on the BUDGpedia site: <https://myintracomm.ec.europa.eu/corp/budget/financial-rules/budget-implementation/Pages/implementation-methods.aspx>.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The proposal obliges Member States to provide quality reports on all data and metadata collected under the regulation. Moreover, the Commission (Eurostat), in cooperation with Member States, must prepare reports on the findings of any pilot studies conducted under the regulation.

2.2. Management and control system(s)

2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

As the management mode chosen for the proposal is direct management by the Commission, the main inherent risks are those related to the management of procurements and grants. Eurostat's risk control strategy focuses on grant agreements and procurement transactions. It is based on a risk assessment and follows the principles of economy, efficiency and effectiveness. It should: (i) support identifying and managing risks; (ii) set the framework for all types of control activities on financial transactions in Eurostat; (iii) support bringing and keeping the detected error rate of *ex post* checks on grant agreements to an acceptable level; (iv) increase the efficiency and effectiveness of checks; and (v) reduce the administrative burden on beneficiaries and Eurostat. On procurement, preventive checks (*ex ante* checks) include the evaluation of concentration risks for procurement transactions and *ex post* quality reviews. On grants, preventive checks (*ex ante* checks) cover detective checks (*ex post* checks), periodic assessments of lump sums, unit costs and flat rates, and ad hoc checks.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

The Commission (Eurostat) has developed a control strategy. The measures and tools in this strategy are fully applicable to the provision of statistics under the proposed regulation. The types of changes introduced by the strategy can reduce the likelihood of fraud and contribute to its prevention. They include reducing complexity, applying cost-effective monitoring procedures and conducting risk-based *ex ante* and *ex post* checks. The strategy also includes awareness-raising measures and training on fraud prevention.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of 'control costs ÷ value of the related funds managed'), and assessment of the expected levels of risk of error (at payment & at closure)*

The Commission (Eurostat) has a control strategy in place that aims, in general, to limit the risk of non-compliance to under the materiality criterion of 2%. This is in line with the objectives on internal control and risk management set in its statistical programme (single market programme in the current multiannual financial framework (MFF)). 100% of financial transactions (and thus 100% of the budget) will be subject to obligatory *ex ante* checks in accordance with the Financial Regulation. Moreover, checks based on an in-depth analysis of the underlying documentation will be carried out on the basis of annual risk analyses. These checks may cover 4-6% of the total budget managed by Eurostat.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

On 30 October 2013, Eurostat adopted its first anti-fraud strategy for 2014-2017 in accordance with the Commission's anti-fraud strategy of 24 June 2011. The current anti-fraud strategy covers 2021-2024. This strategy specifies three operational objectives: (i) strengthening existing anti-fraud measures; (ii) better integration of anti-fraud procedures into Eurostat's risk assessment and risk management and into audits (planning, reporting and monitoring); and (iii) strengthening Eurostat's anti-fraud capacities and awareness as part of the Commission anti-fraud culture. The anti-fraud strategy is accompanied by an anti-fraud action plan. During the period of its application, the implementation of the anti-fraud strategy is being monitored twice a year with reporting to management. All the potential recipients of grants are public bodies (national statistical institutes and other national authorities as defined in Regulation (EC) No 223/2009). In addition, the grants are awarded without calls for proposals. Measures for monitoring the management of the grants are in place. They take into account the specific grant procedures and involve *ex ante* and *ex post* analyses of the grant management. The use of unit costs and lump sums, in accordance with Article 124(1) of the Financial Regulation, substantially reduces the risk of errors relating to the management of grants and thus simplifies their administration.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ²⁸	from EFTA countries ²⁹	from candidate countries and potential candidates ³⁰	From other third countries	other assigned revenue
	BGUE-BXXXX-03-020500-C1-ESTAT	Diff.	YES	NO	YES	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	None		YES/NO	YES/NO	YES/NO	YES/NO

²⁸ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

²⁹ EFTA: European Free Trade Association.

³⁰ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations, as explained below.

EUR million (to three decimal places)

Heading of multiannual financial framework	1	Single Market, Research and Innovation
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DG: ESTAT			Year 2025	Year 2026	Year 2027	Subseq. years	TOTAL
• Operational appropriations							
Budget line ³¹ 03 02 05	Commitments	(1a)	1.000	1.000	1.000	0.000	3.000
	Payments	(2a)	0.400	0.400	1.000	1.200	3.000
Budget line	Commitments	(1b)					
	Payments	(2b)					
Appropriations of an administrative nature financed from the envelope of specific programmes ³²							
Budget line		(3)					
TOTAL appropriations for DG ESTAT	Commitments	=1a+1b +3	1.000	1.000	1.000	0.000	3.000
	Payments	=2a+2b +3	0.400	0.400	1.000	1.200	3.000

³¹ According to the official budget nomenclature.

³² Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

• TOTAL operational appropriations	Commitments	(4)	1.000	1.000	1.000	0.000	3.000
	Payments	(5)	0.400	0.400	1.000	1.200	3.000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)					
TOTAL appropriations under HEADING 1 of the multiannual financial framework	Commitments	=4+ 6	1.000	1.000	1.000	0.000	3.000
	Payments	=5+ 6	0.400	0.400	1.000	1.200	3.000

If more than one operational heading is affected by the proposal / initiative, repeat the section above:

• TOTAL operational appropriations (all operational headings)	Commitments	(4)					
	Payments	(5)					
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)					
TOTAL appropriations under HEADINGS 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6	1.000	1.000	1.000	0.000	3.000
	Payments	=5+ 6	0.400	0.400	1.000	1.200	3.000

Heading of multiannual financial framework	7	'Administrative expenditure'
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This section should be filled in using the 'budget data of an administrative nature' to be first introduced in the [Annex to the Legislative Financial Statement](#) (Annex 5 to the Commission decision on the internal rules for the implementation of the Commission section of the general budget of the European Union), which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

		Year 2025	Year 2026	Year 2027	Subseq. years	TOTAL
DG: ESTAT						
• Human resources		1.210	1.210	1.210	0.000	3.630
• Other administrative expenditure		0.035	0.035	0.035	0.000	0.105
TOTAL DG ESTAT	Appropriations	1.245	1.245	1.245	0.000	3.735

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	1.245	1.245	1.245	0.000	3.735
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EUR million (to three decimal places)

		Year 2025	Year 2026	Year 2027	Subseq. years	TOTAL
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	Commitments	2.245	2.245	2.245	0.000	6.735
	Payments	1.645	1.645	2.245	1.200	6.735

3.2.2. Estimated output funded with operational appropriations

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			Year 2025		Year 2026		Year 2027		TOTAL	
	OUTPUTS									
	Type 33	Average cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1			Adapting the regulatory framework to allow flexibility in meeting emerging needs, to release more timely statistics and to promote the use of innovative sources and methods of duly assessed quality							
- Statistics		0.267		0.200		0.200		0.400		0.800
Subtotal for specific objective No 1				0.200		0.200		0.400		0.800
SPECIFIC OBJECTIVE No 2			Improving the coverage of statistics to the whole economy and ensure gender pay gap data are provided by all members states							
- Statistics		0.683		0.750		0.750		0.550		2.050
Subtotal for specific objective No 2				0.750		0.750		0.550		2.050
SPECIFIC OBJECTIVE No 3			Improving the consistency with related statistical domains							
- Statistics		0.05		0.050		0.050		0.050		0.150
Subtotal for specific objective No 3				0.050		0.050		0.050		0.150
TOTALS				1.000		1.000		1.000		3.000

³³

Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

3.2.3. Summary of estimated impact on administrative appropriations

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- x The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year 2025	Year 2026	Year 2027	TOTAL
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HEADING 7 of the multiannual financial framework				
Human resources	1.210	1.210	1.210	3.630
Other administrative expenditure	0.035	0.035	0.035	0.105
Subtotal HEADING 7 of the multiannual financial framework	1.245	1.245	1.245	3.735

Outside HEADING 7³⁴ of the multiannual financial framework				
Human resources				
Other expenditure of an administrative nature				
Subtotal outside HEADING 7 of the multiannual financial framework				

TOTAL	1.245	1.245	1.245	3.735
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

³⁴ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.1. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

	Year 2025	Year 2026	Year 2027
• Establishment plan posts (officials and temporary staff)			
20 01 02 01 (Headquarters and Commission's Representation Offices)	6	6	6
20 01 02 03 (Delegations)			
01 01 01 01 (Indirect research)			
01 01 01 11 (Direct research)			
Other budget lines (specify)			
• External staff (in Full Time Equivalent unit: FTE)³⁵			
20 02 01 (AC, END, INT from the 'global envelope')	2	2	2
20 02 03 (AC, AL, END, INT and JPD in the delegations)			
XX 01 xx yy zz³⁶	- at Headquarters		
	- in Delegations		
01 01 01 02 (AC, END, INT - Indirect research)			
01 01 01 12 (AC, END, INT - Direct research)			
Other budget lines (specify)			
TOTAL	8	8	8

3 is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	Methodological work for the sound implementation of the concepts, definitions and statistical methods Data production work for receiving, processing, validating and publishing the data and metadata Data analysis, publications and users support Regulatory statistical cooperation International cooperation on statistical matters
External staff	IT and other technical work supporting the data production and analysis

³⁵ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

³⁶ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

3.2.4. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

- ☒ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF).

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts. Please provide an excel table in the case of major reprogramming.

- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.

Explain what is required, specifying the headings and budget lines concerned, the corresponding amounts, and the instruments proposed to be used.

- ☐ requires a revision of the MFF.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

The proposal/initiative:

- ☒ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year N ³⁷	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

³⁷ Year N is the year in which implementation of the proposal/initiative starts. Please replace 'N' by the expected first year of implementation (for instance: 2021). The same for the following years.

3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on other revenue
 - please indicate, if the revenue is assigned to expenditure lines ☐

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ³⁸					
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)	
Article							

For assigned revenue, specify the budget expenditure line(s) affected.

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Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

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³⁸ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.