Generation 2004 Newsletter no.25

November 2017

TOP STORY

Brexit & Staff Cuts

The prospects for the EU and the UK reaching an agreement on the financial settlement of Brexit do not look good at the moment. Among many other issues, the issue of the UK contribution to the payment of our pensions is a topic of debate (See copy of Times article at the end of this newsletter – obviously, the article makes no distinction between the extremely generous pensions of staff recruited before the 2004 reform of the Staff Regulations and the rest of the staff).

The longer the negotiators wait before reaching a compromise, the closer we are to no compromise at all. Thus, it is worth looking into the financial consequences of a 'hard' Brexit on the divorce bill and the resulting impact on EU staff. At this stage, there is no indication that EU staff of British origin will be treated differently from other staff. We have reasons to hope that at least UK citizen on a permanent position will not be dismissed. So the comments below makes no distinction between British and non-British officials.

The first question is: how much does the UK currently contribute to the EU budget? The answer is: around €7billion/year. For instance, the 2015 detailed budget shows that the UK paid €18 billion and received back €7.5 billion, so its net contribution was just above €10 billion for that year. For other years, the net contribution was lower, whence the averaged net contribution of roughly €7billion. (Interestingly, the UK will contribute less in 2018 because the pound has gone down compared to the euro.) €7 billion is about 5% of the annual EU budget. Thus, if no agreement is found between the EU and the UK, one can assume that the **EU budget will be reduced by 5% in the future.**

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Before applying this 5% figure straight away to the €9 billion (2017 figure) of heading V that pays for our pensions and for the salaries of most of us, one needs to remember that the pensions cannot be reduced without a major reform of the Staff Regulations. Nor can the annual adjustment to our salaries be stopped in the immediate future because the "method" has been pretty much cast in stone until 2022. Other administrative expenses like building costs or MEP allowances will be hard to reduce too.

That leaves essentially one way to achieve a 5% budget cut in administrative expenses on the short term: **drastically reduce staff numbers**. The 5% budget reduction applied to heading 5 represents about €500million/year, which amounts to the annual expenses generated by about **5000 posts in the establishment plans of the institutions**. In comparison, the 5% staff cut that just ended in 2017 has led to a reduction of 1254 in the number of establishment plan posts in the Commission. (see pg5 of pdf) and a **reduction of about 2000 posts in the past 5 years across all the institutions** (see pg64 of pdf). Overall, we could thus face a staff cut that would be more than double the one that just ended.

Of course, the EU and the UK might reach an agreement on the financial settlement of Brexit, or Germany and other wealthy donors might pick up the tab to avoid staff cuts (unlikely), or the Commission might rush another reform of the Staff Regulations through the co-decision process (far more likely), so nothing is cast in stone yet. However, the lesson from the simple back of the envelope calculation above is that those who think that Brexit will be painless for EU staff are mistaken. Brexit will affect us all. Against this backdrop, it would be useful if the Commission could consult its staff in order to devise solutions in common (e.g. **Art 41 for those who are interested in leaving**, see pg3 of newsletter) instead of waiting until the last minute and then rushing through a proposal to cut staff blindly as quickly as possible.

Report on the social dialogue at the Commission

Commissioner Oettinger met the staff representation on 20 October. Apart from a surprisingly long intervention of the Commissioner on the departure of Mr. Kessler from OLAF, the meeting was essentially business as usual. Generation 2004 maintained its request that the draft decision of the Commission on the so-called external activities be amended so that CA3bs quickly receive the green light allowing them to take up a new job outside of the institutions after the end of their contract (currently, CA3bs are supposed to ask for permission 1 month before accepting a new job; the Commission has 1 month to respond, which is a non-sense as no employer will accept in the current job market to wait for 2 months before knowing if a prospective employee stays on the job or not). More generally, Generation 2004 is advocating a thorough examination of the applications for external activities from previous senior managers in the Commission (e.g. former DGs or directors who want to take up jobs in private law firms and who should be allowed to receive remuneration only in exceptional cases, e.g. not yet in a pensionable age) while leaving the examination of CA3bs' applications at the level of a mere formality (after all, CA3bs have to feed themselves and their family, it is not their fault if the Commission is not able/willing to offer them permanent jobs).

Annual Salary Adjustment

Eurostat has recently published the Report on the 2017 annual update of remuneration and pensions of EU officials. **This year's pay rise will amount to 1.5% according to the so-called "method"** for salary adjustments, calculated for 1 July 2017 retroactively. This increase consists in 1.1% compensation for inflation in Belgium and Luxembourg (Joint Belgium-Luxembourg Index - JBLI) and 0.4% aggregated increase in real net remuneration of civil servants in a basket of 11 Member States. Interestingly, one of these Member States is the UK, who contributed with -0.2 %.

At the same time, updated correction coefficients for working places outside Belgium and Luxembourg have been calculated. For example, Ispra colleagues will benefit from a slight increase of the local correction coefficient which 'rises' from 90.4 to 90.9%. Still, they continue to earn nearly 10% less than colleagues in Brussels and Luxembourg or 6.4% less than those at EFSA in Parma (EFSA) who did not ask for a separate correction coefficient and therefore are subject to the same coefficient as Rome (now 97.3%, down from 97.9%).

While formally, the figures need to be endorsed by the Council, there is basically no legal option for them not to do so.

Family Budget Survey starts this week in Brussels

The following calculation is used to compute the above-mentioned JBLI:

- ⇒ Sub-indices of the official inflations rates (Belgian Harmonised Index of Consumer Prices and Luxembourgish Consumer Price Index) are aggregated together using a weighting of approximately 80:20 according to how many staff members are based in Belgium and in Luxembourg.
- ⇒ The sub-indices are then aggregated together using expenditure structures (share of the total expenditure that can be attributed to each sub-index) for staff families working in Brussels.

In order to review the share of expenditure associated to each sub-index, Eurostat is launching this week a Family Budget Survey for staff working in Brussels. Even though, the JBLI also reflects the inflation in Luxembourg and is relevant for staff working in Luxembourg, the latter will not be asked to fill in the survey. The reason for this is that no correction coefficient is foreseen for Luxembourg. It is not known if and how taking into account the expenditure structure of staff working in Luxembourg would impact the JBLI. However, ESTAT could easily verify this by using published levels of expenditure for housing and their share in the total expenditure in Luxembourg. Only then could we be sure that Luxembourg staff members are not penalised by the method to calculate the overall inflation.

Sustainable mobility in Brussels

OIB and DG HR released earlier this month the results of their latest staff survey on mobility. Some interesting results, albeit somewhat disappointing: the number of cyclists and people walking to work has increased but this seems to be at the expense of the number of people using public transport rather than at the expense of private cars. This suggests that the institutions could do more to encourage people to give up their private cars. The current incentive is limited to a 50% subsidy on season STIB and SNCB passes, basically a few ten euros per month. Cyclists also get access to free parking and showers (in most buildings) but no lockers (with a few exceptions) to store spare clothes and a towel. Pedestrians get nothing, despite having to pay presumably higher rents/mortgages in order to live close to their office. The EU Cyclist Group has argued that this is not a fair treatment as motorists have access to free parking, which is a hidden subsidy worth over €100/month. They went on and proposed a series of 10 measures to encourage cycling (see pg5 of EUCG's July 2017 newsletter). Some of their proposals are consensual: for instance, providing bike parking for at least 20 bikes for every 100 cars in a garage should be easy since a bike parking space takes a fraction of a car parking space and it is required by regional legislation anyway (see Annex 3 of pdf); changing rooms and lockers would cost peanuts compared to the operating cost of a parking lot. More modestly, Generation 2004 has also argued that reserved parking space should be abolished (see pg4 of newsletter).

No-one has the perfect solution to mobility problems in Brussels, but it seems that involving the staff in the preparation of the new Commission mobility plan for Brussels that is due for the beginning of 2018 would be a good idea. For that reason, the president of the Brussels Local Staff Committee (one of our members!) is trying to engage the staff in discussing mobility. A high level conference will take place on **Friday 24 November with the participation of Pascal Smet, Minister in charge of mobility in the Brussels region**. Commissioner Oettinger was also invited but could not attend and will be represented by OIB. We do count on his support, however. We hope that you will be interested in this conference. If you have suggestions that you believe could be pushed by a staff organisation like ours, contact us (keep in mind that even though some active members of Generation 2004 are open to radical solutions, our organisation can only support proposals that are agreeable to the majority of staff). And don't forget to sign the petition for clean air in Brussels!

Contract Agents Conference!

A conference was organised by Generation 2004 on 14 November to discuss Contract Agent's function groups and work conditions following the adoption of the new GIPs for CAs (2017).

The first part of the conference consisted in a series of presentations on CA's career development, functional groups versus performed tasks, pension's rights and case studies. The presentations offered suggestions on how to manage a CA's career in the EU Institutions, on how to survive after the ending of contract and presented examples of CAs working on permanent positions but for low salaries.

The second part consisted in a questions and answers session. If you have missed the conference, it is not too late as it is available online here, also the presentation is available here.

As a follow-up to the conference, Generation 2004 invites CAs to come and discuss in all confidentiality their individual situation with a member of our organisation who is a CA herself. A non-exhaustive list of topics on which CAs can consult is as follows:

Ask for advice or feedback;

- ⇒ Express a complaint or a concern;
- ⇒ Raise awareness for a problematic situation;
- ⇒ Ask for resolution to an internal dispute or conflict;
- ⇒ Make suggestions for change.

Please send an email to our colleague here to arrange a meeting.

Transfer-out of pension rights

We are regularly contacted with questions on transfers-in of pension rights (from MS schemes to the EU pension scheme). It is unfortunately difficult to provide definite answers as each case is specific and each MS has its own complex pension system (France alone has 37 different pension schemes, although Macron has announced his wish to merge all the schemes into a single one – good luck!). Essentially everything we wrote in our special issue on pensions remains valid. In particular, transfers-in have become rather unattractive since the introduction of a new conversion coefficient on 1 Jan 2009 (coefficient that converts the capital that you transfer-in into a number of years of seniority in the EU pension scheme).

With respect to transfers-out (from the EU scheme to a national scheme), the points made in the special issue on pensions remain valid too. In particular, there is little flexibility for "transfers out" and Contract agents are the primary victims of this barrier to mobility. This latter point is even more worrying now than when the special issue on pensions was published because the number of CAs has gone through the roof since then. Indeed, in order to save money, the Commission is replacing permanent officials with CAs on a massive scale while claiming to the outside world that it stands for workers' rights.

It is thus worth recalling a few points that are directly relevant to the CA3bs who are going to be forced to leave the institutions in the coming years because of the 6 year rule.

The first point is that unless you have reached 10 years of seniority in the EU pension scheme, or expect to do so during your professional life, or expect to be again in service in the institutions when you reach pensionable age, you are supposed to transfer-out. 3 options are available to you for transfers-out:

- ✓ Do nothing. This option is valid if you expect to find another EU job in the foreseeable future so that you manage to reach the required 10 year seniority or reach pensionable age during your last contract. Beware, though, of the erosion of the value of your pension rights because of inflation. Your pension rights are currently worth a certain amount (determined according to a complex formula, (see Art 4 of pdf), they will be worth much less in 10 years-time if inflation picks up again. What will happen to the accumulated pension rights of UK citizens after Brexit is even more uncertain at this stage.

- ✓ Transfer out to a private pension fund. 3 funds are recognized by the Commission in Belgium.

- ✓ Transfer out to a national pension scheme. This seems to work if one transfers out to the Belgian pension service (Office National des Pensions) are they are well aware of the rules. In other countries, the situation is more complex. In France, for instance, unless one is an expert in their 37 pension schemes, one should transfer to the main scheme, the Caisse Nationale d'Assurance Vieillesse (CNAV). We have contacted CNAV. They essentially replied "transfer-out the money, we will tell you later how much it is worth in our scheme". Tough luck if they decide that the capital that you transferred-out is worth peanuts in their pension scheme!

  In the event that the Staff Regulations are re-opened in the wake of Brexit, the Commission would be well-advised to propose new rules for transfers-out that would be more favourable to CAs. Leaving them alone to deal with the extremely complex rules in their MS of origin or in the MS where they find a new job is unacceptable. We would expect that the Commission exerts the same level of care for its (former) CAs as it did in the past when enshrining and defending acquired rights of generously paid pre-2004 staff and pensioners!

EU issues reflected in the Press


Luxemburger Wort

Deutsche Ausgabe English Edition Contacto

Luxembourg

LUXEMBOURG POLITIQUE INTERNATIONAL ECONOMIE CULTURE SPORT LIFESTYLE PANORAMA MYWORT DOSSIERS BLOGS PHOTOS VIDÉOS

Météo 10° Trafic Mariages Naissances Avis De Décès Guichet Annonces Services Concours Au Cinéma Agenda

Publié le lundi 20 novembre 2017 à 09:57

Drosbach, Kirchberg, Office des publications

Une secte s'infiltre dans des formations de la Commission européenne

Par Virginie Orlandi

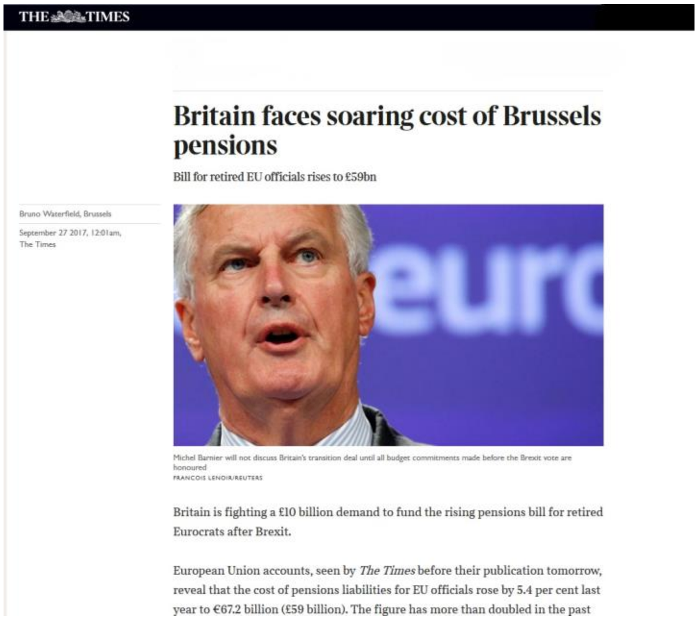
Une centaine de fonctionnaires européens a participé durant le mois d'octobre à des formations de gestion du stress grâce à la méditation. Mais la méthode scientifique présentée s'est vite apparentée à une secte référencée en France et en Belgique et identifiée au Luxembourg: "Méditation transcendantale - Maharishi Mahesh Yogi".

Une secte s'infiltre dans des formations de la Commission européenne | News | Luxemburger Wort

Beware of seminars offered by some trade unions that are not closely job-related!

According to a recent article in Luxembourg press, a sect is trying to use seminars to infiltrate the Commission.

Read the article to find out more here!



THE TIMES

Britain faces soaring cost of Brussels pensions

Bill for retired EU officials rises to £59bn

Bruno Waterfield, Brussels

September 27 2017, 12:01am, The Times

Michel Barnier will not discuss Britain's transition deal until all budget commitments made before the Brexit vote are honoured

FRANCOIS LENOIR/REUTERS

Britain is fighting a £10 billion demand to fund the rising pensions bill for retired Eurocrats after Brexit.

European Union accounts, seen by *The Times* before their publication tomorrow, reveal that the cost of pensions liabilities for EU officials rose by 5.4 per cent last year to €67.2 billion (£59 billion). The figure has more than doubled in the past

Britain faces soaring cost of Brussels pensions | News | The Times

The devil is in the details
or how public is made to believe that post-2004 recruits are responsible for increased cost of EU pensions

Brexit negotiations have become a favourite topic for the press all around the EU nowadays, and the issue on UK contribution to the payment of EU pensions occupies a central place in the debate. Within the myriad of publications, our attention was caught by an article in The Times titled **"Britain is fighting a £10 billion demand to fund the rising pensions bill for retired Eurocrats after Brexit."**

You can read the full article here if you are subscribed with The Times.

Not surprisingly, the article reveals a soaring rise of pension liabilities for EU officials which more than doubled in the last decade to reach €67.2 billion. Disappointingly, later on it continues with comments on EU pensions generosity backed with some generalised figures claiming an average retirement age of 62 and pension calculated as 70 per cent of final salary worth more than €155,000 (£136,000) a year.

While this may be accurate for the current snapshot of pensioners comprising of pre-2004 officials, it is worthy to recall that virtually none of the post-Reform (post-2004 and post-2014) recruits will retire at such an early age or get even close to a €155,000 yearly salary! What has particularly struck us was the following statement:

The cost of EU pensions has been driven by rising staff numbers between 2000 and 2010, a period when the EU institutions grew by 53 per cent. The Times understands that Britain's share of these pension costs is estimated to be about £10 billion.

Sadly, the author of the article forgot to mention that expected post-Reform pensions will be on average one third lower that the pre-2004 pensions!

With such public perception we wonder if we could expect that post-Reform generation of EU officials is once against penalised to pay the bill for those, whose privileges remained intact, protected by the "acquired rights" mantra? The post-2004 generation has already paid! We should not pay twice.

…… *and finally*

Got any ideas for the G2004 newsletter? Send them along (with "Newsletter" in subject), together with any letters, articles, poems, comics …. and any other assorted forms of expression.

If you identify with what you have read, and share our objectives, **please give us your support TANGIBLY by becoming a member.** Click here

Whilst **Generation 2004** is the home of **EVERYONE** who believes in equality, justice and solidarity, it is

✓ **the *natural* home of ALL staff recruited after 01 May 2004**

and *de facto*,

✓ **the *natural* home of ALL staff recruited from the "new" (2004+) Member States**

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