COUNCIL OF
THE EUROPEAN UNION

Brussels, 20 June 2011

DS 1419/11

MEETING DOCUMENT

From:	General Secretariat of the Council
Subject:	Contributions concerning the content of upcoming Staff Regulations Review

Delegations will find attached contributions from the Austrian, Danish, Finnish, French, German, Netherlands, Swedish, United Kingdom delegations to the Commission concerning the content of upcoming Staff Regulations Review.

ANNEX

Contributions from the Austrian, Danish, Finnish, French, German, Netherlands, Swedish, United Kingdom delegations to the Commission concerning the content of upcoming Staff Regulations Review

Brussels, the 20th of June 2011,

We welcome the fact that, at the end of June at the same time as the proposals for the Multiannual Financial Framework, the Commission will take note of a text on the Staff Regulations, which will serve as a starting point for both the social dialogue with staff representatives and for consultation with other Institutions. This provides a significant opportunity to reduce expenditure and enhance productivity and efficiency further within the European Institutions. It is important to remember the constraints resulting from the consolidation efforts following the economic and financial crisis which we all face. To ensure that the EU budget can support the activities and provide the greatest possible benefits for European citizens within this economic climate, we need to ensure that all expenditure offers value for money. European administration spending cannot be exempt from the considerable efforts made by the Member States to reduce their administrative expenditures, and therefore very substantial reductions in such spending, including salaries, pensions and benefits, are required over the next Multiannual Financial Framework. At the same time, we should pursue reforms to the career structure which would enable the European Institutions to be recognised throughout Europe as modern, effective and dynamic organisations in which to work, attracting the brightest and the best.

On that basis, we are writing now to suggest a few key areas that we would like to see, as a minimum, covered within the formal proposal on the Staff Regulations.

1. Salary Adjustment Method

The current Salary Adjustment Method will expire at the end of 2012. The method has for some time meant that increases to EU Institutions staff salaries and pensions occur even when tough austerity measures are being taken in Member States. The current method has not allowed the Council to deviate from the Commission proposal in times of crisis. The degree of automaticity of the Method should be reviewed. If a method is indeed to remain we would like to see the proposal addressing a number of issues, notably:

- the present Brussels International Index (BII) must either be abolished altogether or replaced by the Belgium Harmonized Consumer Price Index (HPCI);
- maintenance of the eight reference countries, which provide appropriate comparability;
- the separation of the pensions and allowances adjustment from the salary adjustment;
- greater clarity of definitions associated with, and process relating to, the "exemption clause", the mechanism relating to the method in times of severe economic crisis. Additionally, the Council must have the right to deviate from the adjustment proposal, taking budgetary constraints and economic conditions into account;
- any new method would also need to have a clear expiry date to provide for review, linked to the period of the Multiannual Financial Framework. Furthermore it should ensure that its results of a method are appropriate for the economic circumstances prevailing at any given point in time.

2. Pensions

Demographic developments, in particular increasing life expectancy, mean that the existing pension system of the EU should be reviewed in line with the 2010 Council Conclusions on the Eurostat Study of the sustainability of EU pensions (DOC.18250/10). While respecting pension rights already acquired, further pension rights cannot be accumulated at the current rate, unless there are parallel reforms enabling these to be financially sustainable in the longer term.

Eurostat's analysis indicates clearly that the current pension costs of the European Institutions are rising, and could in the near future exceed active staff costs. We consider this situation unsustainable. On that basis, the Staff Regulations proposal should include reforms of the pensions scheme to ensure it is affordable on a long term basis. Given the high level of EU remunerations and pensions, significant pension reforms are needed to reduce future costs in those areas identified for evaluation as having a significant impact on pension costs in the above mentioned Council Conclusions.

With appropriate transition arrangements, the Commission should examine, for example linking the standard retirement age to life expectancy, a reduction in the rate by which pension rights are accumulated, a review of the base for calculating the pension, a removal of the bonus accumulation system, a phase out of the future partner pension rights, abolishment in the use of the early retirement scheme without any penalisation and present appropriate proposals at the latest by the end of 2011.

3. Special Levy

The Special Levy also expires at the end of 2012. This levy was introduced in the eighties, and therefore has been an established part of EU revenue for close to thirty years. In the current climate we cannot accept any reduction in EU revenue. Any proposal should increase the Special Levy and should be applied to pensions as well.

4. Career structure

Revision of the Staff Regulations offers an important opportunity to continue the work launched in 2004 to modernise the career structures for officials within the Institutions. Grade and remuneration should be more clearly linked to performance, responsibility and management functions, and promotion and progression should not be automatic. In that context, measures which move away from a 'career-based' towards a 'position- and responsibility- based' system must be an integral part of the proposal. Progress towards Institutions which are more modern, effective and dynamic would both attract top talent, and help the Institutions deliver the important tasks conferred upon them by the Treaties.

5. Allowances

A wide range of allowances is available to European Institutions staff. The majority of these allowances are calculated and paid on the basis not of actual expenditure, but of fixed rates, which may well be in excess of the actual costs incurred by the individuals receiving those allowances. In this context, allowances increase significantly the level of remuneration. Moreover, the allowances should not be adjusted annually.

Any proposal should therefore include an analysis of all current allowances in the context of the costs actually incurred, with the goal of ensuring that these allowances demonstrably compensate staff for genuine expenses resulting from their positions. For example, the expatriation allowance stands at 16% of salary regardless of the number of years an individual has continued as an expatriate, whereas these expenses and burdens would naturally diminish over time.

We look forward to engaging closely with the Commission in subsequent discussions on the Staff Regulations.