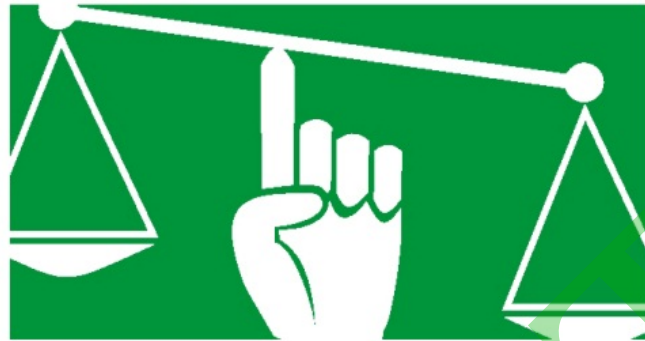


GENERATION 2004



RECTIFYING INJUSTICE
STANDING FOR OUR RIGHTS
RESTORING UNITY

Towards modern Staff Regulations and a reunified European Public Service

A proposal for an open review of our ‘non-Staff Regulations’,
already nine long years into the 2004 Reform (May 2004–May 2013)

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Summary

As a representative staff association at the European Commission – and developing its inter-institutional presence from day one –, **Generation 2004 adf** has studied with maximum interest the COREPER mandate for the Working Party on the Staff Regulations (WPSR), of 11th April 2013, as well as many recent unofficial positions on the issue. Beyond their detailed contents, and without prejudging the future evolution of the negotiation, we consider that the concerns now condensed in these documents and declarations confirm that the 2004 Reform has failed and that a new regulatory framework for staff is necessary.

It is our duty to argue where we stand, therefore we present this general, non-confrontational review of the current process, including of course the Reform and the Staff Regulations themselves. This review is most necessary taking into account that, to our best knowledge, the Commission itself has published neither a comprehensive review of the results of the 2004 Reform, nor an impact assessment of its current COM 0890/2011 proposal for reform of the Staff Regulations; and Member States have not backed their concerns with any substantive analysis of the Staff Regulations and their implementation.

In *Section I*, we start by reminding that the 2004 Reform was vitiated by two fundamental mistakes: (i) the division it induced on staff, creating *de facto* two classes; (ii) its unfortunate temporal coincidence with the ambitious 2004 enlargement, which political message of unity was contradicted by this division. In *Section II*, we back this general assessment with a concise overview of the main shortcomings of the 2004 Reform, showing the remarkable potential for improvement of the Staff Regulations. As *Section III* argues, these shortcomings could not only endanger the performance of the European Institutions but also have negative repercussions on the European project as a whole.

In *Section IV*, against this background, we express our scepticism about the current proposal COM 0890/2011, since it seems to us an attempt to conserve a *status quo* which is no longer sustainable. Apparently, we do not stand alone: also the Member States’ concerns do seriously challenge this *status quo*, when interpreted from this framework. In *Section V*, we analyse some of the proposals arising from these concerns, adopting a non-confrontational perspective, trying to identify the original reasoning behind them. As a matter of fact, we find ourselves in substantial agreement with a good deal of this reasoning. However, we would strongly caution against implementing any measures that do not take into account the principles of *social progressivity* – higher incomes and pensions should support a bigger share of the cost-reductions –, *coherence* – measures should avoid negative interactions – and *non-redundancy* – measures should avoid overlaps which detract from their clarity, effectiveness and credibility –.

In *Section VI*, we find that the documented expressions of concern are still lacking in several major dimensions: among others, they do not offer a perspective of what kind of Public Service they intend to shape, with what kind of tasks and duties; they do not connect the proposed measures to a sound process of problem identification and diagnosis of the causes; they do not provide the necessary benchmarking information; and they fail to justify and quantify what comprehensive cuts and results they aim to achieve.

In the concluding *Section VII*, we offer our interpretation of the situation now faced by the parties to the Trialogue and by the Staff Representation. The temptation offered by conventional courses of action could substantially increase the systemic risks in the mid-term, taking into account that a quickly growing share of staff, the post-2004 recruits, would feel more and more excluded from the future of the European project.

Generation 2004 adf argues that there are instead relevant opportunities to be seized with courage: to recognize that the *status quo* is not sustainable anymore, and that an in-depth reform of the Public Service must be tackled; to launch a process involving all parties to the Tetralogue (Trialogue plus Staff Representation), aiming to correct the divisive effects of the 2004 Reform; and to modernise the European Public Service, making it more effective and efficient, and ensuring its long-term sustainability, both financial and overall.

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I. Introduction: the big picture

In our capacity of inter-institutional staff association¹, **Generation 2004 adf** has studied **with maximum interest** the recent COREPER mandate for the Working Party on the Staff Regulations (WPSR), of 11.4.2013, as well as many positions on the issue that have been unofficially expressed along recent months². So far, Member States have not submitted any substantive analysis of the Staff Regulations and their implementation. When presenting proposal COM 890/2011, the Commission itself has not published, to our knowledge, either a comprehensive review of the results of the 2004 Reform³ or an impact assessment of the proposal presented.

It is our responsibility to attempt this review, taking into account the current evolution of the co-decision procedure and the high significance attached to this issue by staff. We must ‘see through’ the contents that have been circulated, looking beyond the single ‘savings-at-any-cost’ measures proposed, in our opinion disconnected and imperfect. On the one hand, they clearly aim to grab the maximum terrain for the coming Triologue negotiation. On the other hand, they reveal concern, some of them directly originated at the national governments, some of it rising up from the European public – and this concern is often translated into a strong critical attitude towards the present state of the European Public Service. But no matter how much this critique pains us, we cannot afford to fall into a purely reactive, defensive mode: we must instead look at the big picture they draw. **And this big picture is fundamentally right**, although the Member States do not dare to make it explicit yet: the regulatory framework instituted in 2004 for managing the European Institutions’ staff, what we call the ‘**non-Staff Regulations**’ (see *Section IV*), looks utterly **unsustainable**: it has achieved neither the modernisation nor the savings it promised to deliver, and just 9 years⁴ after its laborious and conflictive set-up, it seems to be drifting into the dustbin of the European Union history.

From different perspectives – initially as concerned officials, now as elected staff representatives –, we have insisted once and again on the same message: the 2004 Reform is **doubly wrong**, both in its conception and in its implementation, and has put in serious trouble the European Public Service it purported to structure and reinforce. Two are its

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- 1 **Generation 2004 adf** is a new staff association established formally in August 2012, fully representative under the Framework Agreements with the European Commission’s administration. We are not a *trade Union*; we have rather chosen the transversal and independent form of *staff association*, aiming for an inter-institutional presence. As staff representatives, we are not party to the Institutional Triologue where the final negotiation will shortly take place (13 May-18 June 2013), so we are not entitled to adopt a formal position in it – we just try to increase the awareness of all stakeholders about the possibilities for improvement and modernisation of the European Civil Service. Following our electoral mandate, and based on our long experience in the field, we focus on the illustration of the major negative and divisive impacts of the 2004 Reform, with views to recovering the full unity of the European Civil Service.
 - 2 A quite significant example is the non-paper of 5.4.2013 supported by DE, CZ, UK, FI, DK, AT, NL, SE, ES. But many other examples have accumulated, most of them conveyed by the media. From our side, we have started an analysis through our paper “*The inconvenient truth about EU Staff reform*” (April 2013, draft), which has concentrated on correction of career imbalances, redesign of levies, taxes and allowances, and reform of the pension scheme.
 - 3 A partial review was belatedly published in March 2011, concentrated on one single specific aspect of the Reform, i.e. the equivalence of pre-2004 and post-2004 careers. A EUROSTAT review of the pension system has also been published, mostly concentrated on the savings expected from the 2004 Reform.
 - 4 Just to provide a benchmark, the preceding Staff Regulations (1968) had a useful life of 36 years, 4 times more than their now prematurely aged 2004 successor. For many of the still unresolved issues we are going to highlight in *Section II* below, the 1968 text provided a clear reference for the current Staff Regulations. We argue that sources around 45 years old do not provide anymore the best inputs for shaping a modern public administration.

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fundamental failures: first, it created arbitrarily **two classes of civil servants**, those ‘more lucky’ and those ‘less lucky’ (i.e. recruited after 2004), and doing so chose the wrong side of history, ripped open the delicate fabric of the European Public Service, and compromised its credibility towards the young generations representing the future of the Institutions. Second, it dumped into the less fortunate class most staff coming from the 2004 enlargement Member States, and doing so **contradicted the basic political message** that the enlargement project intended to send out. “Divided in diversity” was the true motto that we all post-2004 colleagues have learned on our own flesh, since the day we joined the Institutions – divided apart and pushed into a class with worse career opportunities, worse entrance grades, worse salaries, worse pensions, higher retirement age, less recognition of our experience.

DRAFT

II. *What's not working: the 2004 Reform's shortcomings*

In order to fully understand the rationale behind the general assessment expressed above, it is also necessary to specify **what the 2004 Reform and its implementation have not done**, or done insufficiently. **Generation 2004** *adf* shares here our evolving perspective about the major Human resources' issues 'left behind', those that would most benefit from an in-depth exercise of analysis and, when necessary, improvement. To this end, we concentrate on five major shortcomings:

- The non-existent **transition** and its long-term consequences,
- The increasing fatigue of the old **career-based** model,
- The unprecedented strains on the **pension scheme**,
- The uncertainties affecting the definition and use of **staff categories**,
- The unachieved **multi-national equilibrium** of the Institutions.

[1] The **non-existent transition process**, when the 2004 Reform was enacted, has created long-term consequences that the career has not been able to absorb yet, and that it will probably **never** correct, if left to its own. This inexistent transition created severe inequality among many hundreds of officials, recruited from the same reserve lists before and after the 1st May 2004: the so-called 'shipwrecked of the Reform', some of whom are standing today **4 full grades** behind colleagues who took exactly the same open competitions. In the following years, even the modest mechanisms embedded into the Staff Regulations for ensuring the **equivalence of the pre- and post-2004 careers** have been basically disregarded. Among other consequences, a looming problem of **business continuity** will soon affect the Institutions, as the Administration itself has started to acknowledge.

[2] The decades old **career-based** model is showing telling signs of fatigue. The 2004 Reform **has not tackled the real modernisation** of the Public Service, keeping a career-based system, whereas a growing share of European Public Administrations do favour other models. A complex scheme of promotions intends to manage the **career progression** of officials through a ladder with an unnecessary high number of grades. But its operational reality, time- and resource-consuming – it involves many thousands of promotions a year –, is rather difficult to focus towards clear objectives. The expensive, ultimately distorting guideline for these promotions (Annex IB of the Staff Regulations) has never been critically reviewed. In its present implementation, this system seems to reward *seniority* to an exaggerate extent, rather than guaranteeing both recognition of **merit** and pre- / post 2004 career **equivalence**, as the Staff Regulations themselves requests.

This promotion system, compounded with the creation of new higher grades, is causing a growing accumulation of **high-graded staff** in numbers exceeding more and more the actual needs of the services. Analyses of the current distribution of grades in the European Public Service highlight a glut of 'principal' (AD11-AD12) and 'expert' administrators (AD13-AD14), when in fact most administrator positions in the Services are not differentiated by grade⁵. The grades distribution for the Assistant category exhibits a similar

⁵ The *Sysper* internal system regularly publishes job vacancies for a bracket of grades covering most, if not all, the Administrator category (AD5 to AD12, even AD5 to AD14).

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situation, although less pronounced. It is not only that the resulting labour costs risk being unrelated to real productivity; if unaddressed, this accumulation mechanism is going to severely curtail career development possibilities for younger colleagues.

The current adherence to this career-based model causes a deeply-troubling, embarrassing incoherence: the principle of **equal pay for equal work**, a basic fairness requirement widely accepted by European civil society (even suggested by the European Union itself in the frame of social programmes) often does not apply within the Institutions.

As an additional note, we consider that the career-based model is not the best equipped for tackling the hot, unspoken issue of **underperformance and accountability** at all levels, both internal and external (i.e. to the citizen). It is still unclear, apart from some insufficient measures, how to induce a positive professional change on seriously underperforming colleagues. Moreover, there are many inspiring, highly professional managers, but also well known cases of middle-managers distinctly less skilled in their trade, who were perhaps promoted to their positions on ‘seniority’ or ‘quotas’ grounds.

In this context, it is our opinion that administrative acts that generate significant long-term liabilities for the European budget, such as promotions, early retirements, and recruitment through channels different from open competitions, could be subject to better public scrutiny.

[3] The **pension** scheme of the Institutions seems to be under unprecedented strain. The 2004 Reform addressed only partially the **growing weight of pensions**, slashing the formation of pension rights of newcomers without daring to bring savings to the already existing scheme. These divisive cuts will only bring significant savings around 2040 and later, according to the calculations of the Commission itself. Meanwhile, the bulk of pension liabilities already accumulated before the 2004 Reform has been left untouched. Moreover, the 2004 Reform did not contemplate to ‘ground’ solidly into a tangible pension fund what now stands as a huge virtual pension liability; although it is adequately shored up by legal protections, its sheer amount (€ 37 billion, and growing) is clearly raising questions among Member States.

[4] Some of the **professional roles** in which the European Public Service is organized are affected by uncertainties of their own:

- The 2004 Reform has not managed to characterize appropriately the **Assistants (AST)** category of permanent staff. We do not question the separation of ASTs from Administrators (AD), but would definitely welcome more clarity. On the one hand, former categories B, C and D have been blended into a single one, AST, and assignation to individual job positions of AST tasks clearly differentiated from AD tasks is not always guaranteed. On the other hand, the work environment has distinctly evolved, as a result of increased office automation (and has still way to go, see *Section VI*). Furthermore, the job market provides a pool of candidates where the graduate degree is much less of a differentiating factor than it was some decades ago.
- Although it provides a framework for the integration of **non-permanent staff**, their actual use seems to be veering apart from the goals originally intended. **Contract agents** are used in unprecedented rates, not seldom for covering stable positions, and their intensive turnover translates into continuous haemorrhaging of experience and know-how, significant hidden costs (recruitment, training, lower productivity during start-in and phase-out of, negative impact on the sickness insurance scheme...). A similar problem affects **temporary agents**, albeit to a more reduced extent.

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[5] As it is well known, **equilibrium** of staff among the different nationalities composing the European Union has not been achieved:

- The 2004 Reform failed to provide tools for ensuring this long-term balance of the European Public Service, which should ensure that staff comes from the broadest possible geographical base. The capability of the Institutions to recruit entry-level permanent officials (and contract agents) varies significantly according to the nationality of the targeted staff. This entry-level imbalance will certainly condition, in the mid- and long-term, imbalances in the pool of internally developed candidates for middle and senior management.
- The recruiting imbalance is compounded by an outdated model of **allowances** less and less related to their original social and political motives (for example, the expatriation allowance, being calculated as 16% of the base salary plus family allowance, is unrelated to the 'distance impact' of expatriation on the staff member and his/her family; furthermore, it does not provide adequate social progressivity, rewarding more those who already have a higher salaries).

Integrating the analysis of these five major content-related issues, we would like to add a short reflection about the *process* of definition and implementation. **Generation 2004 adf** considers that the main reasons behind the failure of the 2004 Reform are as follows:

- It attempted to preserve privileges, which were no longer sustainable, at the expense of future generations.
- It lacked the adequate foresight, which would have shown that the chosen approach was bound to fail.
- It was implemented in a way that has further aggravated the inequality created by its 'two classes' system.
- It has not been monitored appropriately.

Although it is grounded in careful analysis, this overview does not aim to be either definitive or infallible; it is *work-in progress* open to the contribution of everybody. But we think that the mounting evidence of content- and process-related shortcomings does not allow staying defensive anymore. It happens often in an organization that single individuals or groups thereof decide what to request, or what to stay silent about, on considerations of personal benefit. The effect of these isolated inefficient positions could be perhaps absorbed by a relatively robust system, but we argue **this is not anymore the case with the European Public Service**. Any local benefit obtained at the expense of the comprehensive fairness and balance of the system **jeopardizes the survival's chances of the whole system**. While admitting the universal presence of self-serving drives in human motivation, now, **for the sake of our own career, and of our own social-protection systems**, we must find the lucidity to go beyond such divisive drives. Only a reunified European Public Service, composing harmoniously its remarkable internal diversity, can provide sustainable support for all staff, serving and retired.

III. Staff as an essential asset for the European project

The unsolved shortcomings of the 2004 Reform, as sketched in *Section II* above, are **highly relevant for the European project**, despite the relatively secondary importance of the administrative expenses of the Union (less than 6% of the budget, of which only about half is related to staff salaries), compared with its major investment lines (structural and regional funds, agricultural policy, research grants). Because a European project of integration and convergence cannot be reliably implemented just with semi- or fully automated applications and temporary jobs and tasks delegated to national agencies: it will always need a contained, stable group of **committed, highly professional, multi-national knowledge-workers**, staffing a complex equilibrium of European Institutions. It should be taken into account that the execution's mechanisms of 94% of the European budget (its non-administrative, substantial part) are assured by this staff; thus they depend largely on their independency, accountability and motivation to grow.

Staff cannot be depicted as peripheral costs (blown out of control, according to the most negative assessments): on the contrary, they are **essential assets of the European project**, to be brought to their maximum capacity by a carefully conceived Human Resources policy. If this principle is accepted, the Institutions should abstain from altering without a defined, shared project the balance of their work environment; from creating a context of permanent instability; and from proposing disconnected cost-cutting measures once and again, without re-balancing goals, for the 3% of the budget which provides for their salaries and pensions; from compromising the multi-national equilibrium which is essential for guaranteeing service to the European public and fair budgetary implementation. Particularly, taking into account the costly legacy already imposed by the 2004 Reform, **they should avoid any measure which keeps on concentrating on post-2004 staff** (or post-2014, or post-20xx), **the main burden of these legacy costs.**

That's why these pieces of secondary-level legislation, the Staff Regulations and CEOS⁶, mostly unknown to the general public, and even to many national politicians, have become now **relevant**. The stakes should be clear to all parties intervening in the Reform of the Staff Regulations, as well as to the European citizenship: if you deteriorate the European Public Service, you risk influencing negatively any further integration, downgrading the European Union to a free trade zone (plus some cosmetic embellishment), extremely vulnerable to governance shifts which would have it opaquely controlled by a few powerful Member States; you risk a gradual and unstoppable decline in international relevance. This is why just 3% of the EU's monies do have an **enormous leverage**, way over their arithmetical and administrative importance, on **the fate of the European project.**

⁶ *Conditions of Employment of Other Servants* – legal text parallel to the Staff Regulations, setting conditions for management of non-permanent staff (mainly contract agents and temporary agents) serving the European Institutions and their Agencies.

IV. A conservative 2013 Reform proposal and its ‘blind spot’

In the context of this action, the Institutions are now embarked in a new face-lifting exercise, which has been dragging on since 2011. Under the pressure of the Member States, that rightly demand increased accountability and efficiency (they appear to be fully aware of the five major issues listed in *Section II* above), the Commission has launched a project of ‘new’ Staff Regulations (COM 0890/2011).

‘Non-Staff’ Regulations, **Generation 2004 adf** would rather call them, since they intentionally abstain from dealing with the growing problem of the post-2004 ‘underclass’, who will become the majority of staff in a few years, through normal through normal demographic evolution in recruitment and retirement. **How can you label with the word ‘Staff’ a project that completely ignores⁷ a major share of the staff?** And the post-2004 group, which is being ignored by this ‘blind spot’, includes most of the youngest, comparatively weakest, coming from the farthest and less developed areas of Europe; this staff represent like no others **the future of the Institutions**. Moreover, the known shortcomings of the present career structure – see *Section II* above – are addressed only minimally, when they are acknowledged at all.

As a matter of fact, the Commission legislative proposal has been conceived and developed as a project of minimum changes, as a means for **conserving the status quo**, together with some cost-cropping (conceived as an attempt to assuage concerns) that will weigh most on the shoulders of those in a **less favourable situation** – once again, the post-2004 colleagues –. The Legal Affairs’ Committee of the European Parliament has backed this strategy of maintaining **the status quo**, arguing that it represents a ‘fortress’ against the contextual risks of growing euro-scepticism. Accordingly, it just introduced in its first reading (April 2012) minimum amendments that do not modify the essence of the proposal.

As for most of the Staff Representation, perhaps weakened by their participation in the definition and implementation of the 2004 Reform, it did not manage to introduce significant inputs in the discussion of the proposal⁸. It has equally avoided many of the major underlying issues, as outlined above in *Section II*; it seems to us that most if not all Unions prefer to maintain the *status quo*, rather than responding to the growing pressure exerted by their post-2004 affiliates.

But, alas, the *status quo* is now **unsustainable**. That is what the concerns of the Member States essentially come to say to the Commission, to the Parliament and to the Staff Representation; and that is why, as an independent staff association, we seize the opportunity to bring a new perspective to the discussion. No matter how painful a critique these concerns imply, no matter its imperfections, **Generation 2004 adf** salutes this criticism as a relevant **contribution to the discussion about the European Public Service**, because it constitutes a major step towards recognising the vast underlying problems. And only through this recognition it will be possible to bring real solutions, to rebuild **long-term perspectives for the European Public Service**.

7 The guarantee of ‘equivalence’ of pre- and post-2004 careers just disappears from the proposed text – this equivalence, scantily monitored (only one report has been issued about it, in March 2011, over nine (!) years of Reform), has not been achieved, according to our analyses.

8 Which took place in Autumn 2011. Although our group had already intervened in the public debate, launching two open letters to Vice-President Šefčovič in July-September 2011, co-signed by hundreds of officials, **Generation 2004 adf** did not exist yet as such, and consequently was not a party to that round of the Social Dialogue.

V. *Converging towards the concerns of the Member States*

Equipped with the insight provided by the interpretation developed above, we shall review briefly the main criticism coming recently from the Member States. The approach of **Generation 2004 adf** aims to identifying open-minded **convergence possibilities**, rather than to freezing ourselves in defensive confrontation. For six major areas, we shall try to recognize an underlying diagnosis we could subscribe to⁹ within a comprehensive framework of recognition of the above-mentioned shortcomings; and when applicable, we shall modulate this convergence with additional requests. Only when unavoidable, we shall highlight the issues where we find ourselves in clear divergence.

1. **Career structure**

Initial convergence on the diagnosis: The current model is basically not functioning, especially regarding seniority-based promotion rates and step advancements. Higher grades promised by the 2004 Reform risk to be out of reach for most post-2004 colleagues. The mix-up of assistant, secretarial and clerical profiles in the AST (Assistant) category appears to be dysfunctional.

The career should be redesigned giving predominance to function-related and merit-related criteria. Together with promotions, internal competitions should be regularly and consistently used for developing the career of well-performing officials and staff.

Additional Generation 2004's requests: We ask that the redesign measures will be equally applied to all present and future staff regardless their date of entry in service. Special attention should be paid to the promotions system, which should reflect the statutory objectives of career equivalence and reward of merit.

2. **Pensions**

Initial convergence on the diagnosis: The current scheme should be redesigned, since the current pension mechanism, and the rate of generation/accruing of liabilities could derive into charges unsustainable for Member States. Retirement age should be gradually aligned to the demographic & social evolution in Europe, and early retirement with unaltered pension rights cannot be promoted anymore.

Additional Generation 2004's requests: The redesign measures (a) will be applied equally to all present and future staff regardless of their date of entry in service; (b) will not give priority to the maintenance of past decisions at the expense of officials entering the scheme at a later date; (c) will be based on principles of social progressivity.

3. **Sickness insurance**

Initial convergence on the diagnosis: The current scheme should be redesigned in order to ensure sustainability.

Additional Generation 2004's requests: We request a careful diagnosis of the shortcomings affecting the current scheme, both technical and financial. We support socially-progressive improvement measures which (a) will include cost-containment measures in the implementation of the insurance scheme; (b) will account conservatively for the ‘backfire effect’ on the sickness insurance scheme of other

⁹ Some colleagues have warned us against this convergence: “to start with concessions is not a good approach for a negotiation”. As we stated above (see footnote 1), **we are not negotiators**, just a modest inter-institutional staff association. We aim to analyse, to think, to communicate, to go beyond divisive approaches. That’s where *convergence* is a useful tool.

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cost-cutting actions, like the increased use of contract agents, and low-pay permanent staff like the now projected AST/SC.

4. Solidarity levy

Initial convergence on the diagnosis: Financial sustainability of the system could be shored up by a solidarity levy on salaries and pensions.

Divergences: (a) A single-rate levy applied on the whole income, as floated in the most extreme proposals, would go absolutely against basic social fairness; (b) We consider levies on properly-designed allowances as self-contradictory; (c) Any cost-reduction goal should be reached through a socially progressive system, via a non-leviable deduction for salaries (established as a multiple of the minimum base salary) plus the implementation of progressive rates for the levy itself.

5. Allowances

Initial convergence on the diagnosis: Allowances should be redesigned. The current expatriation allowance (16% rate unrelated to the place of origin) is neither objective nor socially progressive.

Additional Generation 2004's requests: Allowances should follow clear goals of social justice and proportionality, ensuring equal opportunities for all EU nationals. They should provide a fair recognition of the actual impact of expatriation on personal and family life. We favour the simplification and aggregation of allowances, reflecting the material reason(s) linked to the ‘expatriation impact’, and substantially reinforced by socially progressive criteria.

Divergences: We find that the ‘expatriation impact’ is most conditioned by the distance to the place of origin and income; and that it weighs more on lower-grades colleagues, with families. The redesign of allowances should be related not to time spent in the career but to actual career evolution, in order to obtain socially progressive goals.

6. Update method

Initial convergence on the diagnosis: A standard, uncontroversial, long-term update procedure is needed. The growth of pensions- and salaries-related liabilities for the Institutions should be contained.

Divergences: Changes in the method for salary adjustments cannot be carried out without considering the career progression scheme: real decreases in salaries (because of adjustments unmatched with inflation) risk being especially demotivating in an early phase of the career.

The alignment to an average sample of Member States, without reductions, is a matter of equality of treatment. The capping of the update index could generate very strong strains, counterproductive for the Institutions, in a macroeconomic scenario with strong inflation.

Generally speaking, we must note that the proliferation of measures directed towards comprehensive financial sustainability detracts from their overall clarity. This is more the so when they overlap (e.g. levies on allowances, rather than redesign of the allowance itself), or when they contradict each other (e.g. declared intention to reinforce the sickness insurance scheme, together with the creation of lower-salaries categories, which will contribute less, while using at least the same amount of health-related services).

VI. *What is lacking in the cost-savings proposals*

So, do we support unconditionally the proposals for cost-cutting, as exemplified by the non-paper and other positions? **Not at all.**

First, even with the specific intention of finding a convergence path, we have reviewed critically the proposals. **Generation 2004 adf** certainly finds positive aspects in many of the underlying these identified behind the concerns raised by the Member States. We recognize that some of the measures unofficially circulated have been drafted with a fair knowledge of what's happening now at the European Public Service. But we consider that any such measures should be formulated with a strong emphasis on **social progressivity** – those with the broadest shoulders should support a bigger share of the cost reductions –, on **coherence** – all measures should avoid counterproductive interactions –, and on **non-redundancy** – measures should avoid overlaps which detract from their clarity, effectiveness and credibility –. We reject unreservedly just two of the measures analyzed (*application of solidarity levy on the whole income and allowances; use of curtailed-indexing and capping procedures within the update method*). Even in these last two cases, we could converge on the legitimacy of the ultimate goals, and we urge to consider alternative methods for reaching the same goals.

Second, the proposals as they stand today lack several major elements:

- They do not tackle at all the major issue: **what evolution is planned for the European Public Service?** To imply that we must 'just' cut costs is a platitude, if it is not accompanied by a coherent design proposed by the political leaders of our +500 million fellow citizens. The European Union –and not just the staff of the Institutions and Agencies– needs a clear vision and a detailed project for its Public Service.
- In this sense, there is a significant element absent from most of the criticism we have reviewed. The costs of the European Public Service are not only determined by its comprehensive remuneration (salaries, allowances, pensions) but also by its **size**. Any meaningful discussion about the future of the European Public Service absolutely requires that Member States state **"how much Europe"** they want, and accordingly, which activities at the Commission and other Institutions/Agencies they consider superfluous. Here again we do not feel any need to defend the *status quo*: we just wait for clear instructions from our political leaders.
- They provide a list of 'solutions' that was not drafted starting from an open diagnosis of the problem. **Truly effective problem-solving processes do not jump straight on to 'shopping lists of solutions'**. They recognize the problem, they describe it, and they explore the causes that must be corrected. Only then can they proceed to formulate proposals of solutions. We must insist once again: any description of the current situation of the European Public Service which omits the pre- /post-2004 divide created by the 2004 Reform does not provide a sound basis for the process of reforming the Staff Regulations.
- They rightly request from the European Public Service to adapt its remuneration in an **exemplary way**, but they do not provide us with all the information necessary for doing it. Whilst Member States are fully entitled to request increased efficiency and accountability from European public servants, they should lay transparently on the table the full conditions they apply to their own officials based in Brussels (salaries, pension and allowances), since that information will provide an excellent benchmark

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for defining the collective drive for efficiency, allowing for maximum credibility. Similarly, a review of the remuneration package of Commissioners themselves would be viewed as coherent with this drive.

- They do not provide **an adequate justification for additional cost-cutting**. This is puzzling, since the cost-cutting requirements and their impact on Heading V have been discussed very recently (February 2012) in the frame of the negotiations regarding the Multiannual Financial Framework 2014-2020, and the proposals of the Commission already met these requirement (through the solidarity levy, the freeze of salaries, the cuts in staff numbers, and the increase of working hours). Why are the Member States re-opening the cost issue after such a brief delay?
- More worrying still, on top of their methodological limitations and their one-dimensional emphasis on cost-cutting, **they do not quantify the expected cost-cutting impact of the measures**, one by one and aggregated. Should the Institutions accept these measures, they would find themselves in a managerial situation of uncertainty: impossible to assess whether the measures are achieving their goal, or not. Nobody could guarantee that again after twelve, or eighteen months, still another package of equally non-quantified measures would arrive. This potential instability detracts from the desirable clarity and certainty needed by the European Public Service for planning its mid- and long-term evolution.
- Finally, we join our voice to fellow Staff Representatives, who have repeatedly pointed out that there is plenty of room for reaping **significant savings** in the field of administrative procedures and information technology, increasing the overall efficiency of the European Public Service.

Accordingly, we must still repeat our major historical revindications:

- The Institutions need an explicit **acknowledgment of the shortcomings** of the current 2004 Staff Regulations, as attested by concerns repeatedly voiced by Member States and other often-repeated criticism. This approach should include a recognition that the **damage** caused by them has not been equally sustained by all staff, affecting mainly post-2004 colleagues; and a definition of corrective measures for avoiding that the comparative damage keeps growing.
- The Institutions need a frank, open political recognition of the essential importance of staff for the European project, so as the formulation of some common **fundamental principles**, which should guide the future evolution of our Human Resources environment.
- All this process needs to be guided by a precise quantitative analysis of **the impact of the 2004 Reform** along these 9 years: the evolution of salaries, of pensions, the results obtained in term of equivalence between pre- and post-2004 careers, the growing gulf of internal inequality, the impending problems in term of business continuity and multinational equilibrium. Lessons learned both about the contents and the process (see *Section II*) should be ploughed back into an impact assessment of any future Reform, and/or any future set of cost-cutting measures.

VII. A call for courageous decisions

Even if the discussion is on-going – the formal negotiation process is about to be initiated –, let us try to wrap up this proposal for a review with some provisory *conclusions*.

The parties to the Trialogue have in front of them a quick (two months) path... that in our opinion is unrealistic. Even if the Commission, with the support of the Parliament, manages to resist to the positions adopted by the Working Party on the Staff Regulations, its minimum-changes, *status quo* preserving project would just be sweeping the problems under the rug, pretending that 'all was fine, all's fine'. More likely, another round of cost-cutting will be attempted in parallel, or soon thereafter, further aggravating the situation, creating ill-feelings among staff, without providing a vision for the fundamental structural reforms which are instead needed.

The Staff Representation has in front of it a difficult path. To envisage a bitter fight so that nothing changes, that "not even a cent" is taken from the salaries and pensions, as some of its heads have already announced, would be both *unrealistic* – in times of sacrifice for the vast majority of European citizens – and *irresponsible* – a denial of the serious problems that affect the European Public Service –. On the other hand, to do nothing and accept the cuts would be tantamount to renouncing to its essential function, the defence of staff.

It is our conviction that scenarios of inter- or intra-institutional conflict would be absolutely counterproductive, adding further divisive elements to the picture. We all, Institutions and Staff, have no alternative: we must look beyond the *a priori* opposition to each other's aspirations, and find a common ground. Our modest review aims exactly in that direction. The European project is one of pragmatism – and precisely because we accept the need for increased efficiency and accountability, we cannot pretend that they will be achieved with essentially the same system that has not been able to survive more than nine years. A very well-known definition of foolhardiness describes it as "doing the same and expecting different results". The deep crisis that has been ravaging the European Union for some years is not just financial or economic: much more severe strains for the European Institutions could be just behind the horizon. In such a context, to miss this opportunity for an in-depth redesign of the European Public Service would further undermine the trust of the staff that best embodies the future of the Institutions (the post-2004 demographic cohort), and it could reveal itself to be a very unwise strategic choice.

This request is not meant as a criticism addressed to political leaders. Vice-President Šefčovič's demonstrated record of defence of staff is certainly much appreciated, as the highly professional ensemble of Human Resources' management professionals over all the Institutions and Agencies are respected. Our Vice-President deserves to close his present five-years mandate with an important contribution to the European project, much more constructive than a 'non-Staff Regulations' which will merely cram into a dangerous 'legislative pressure cooker' all the unresolved issues. This contribution should take the shape of the courageous opening of a truth-seeking inter-institutional process, a Tetralogue (the Trialogue, enriched by the full involvement of the Staff Representation), addressing the dysfunctions, in order to restore long-term trust of the staff in our political masters, and of the European public in the Institutions and their staff¹⁰. Let's state it openly, peacefully: as

10 "Crisis for Europe as trust hits record low", Ian Traynor, *The Guardian*, Wednesday 24 April 2013, <http://www.guardian.co.uk/world/2013/apr/24/trust-eu-falls-record-low>

Towards modern Staff Regulations and a reunified European Public Service

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of today, both lines of trust are seriously damaged. And a major element in weakening internal trust has indeed been the 2004 Reform.

The main ‘lessons learned’ listed in *Section II* above should guide these decisions:

- A unsustainable situation cannot be maintained at the expense of future generations, created *ad hoc* for generating savings. When savings are needed, everybody must bear them together, and those with the broader shoulders must bear a heavier share.
- Any project of Reform should be subject to exhaustive impact assessments, applying the very same practice that the Institutions enforce for general legislative proposals.
- The implementation of any Reform must be subject to attentive, frequent scrutiny and monitoring, in order to be able to correct any unintended derives from the established goals.

Dear parties in this process, respected colleagues: we do not pretend to ‘own’ any proprietary solution. All that we can deliver, for the moment being, is this proposal for an open review, to be improved with your knowledge and your experience. Rest assured of our strong will to engage constructively with anybody, anytime, in order to contribute what we can to the healthy future of the Institutions.

Generation 2004 *adf*

Brussels and other sites, May 2013