

Contract staff in Luxembourg: overcoming divisions, a challenge for us all

A rigid and short-sighted set of rules, combined with a planned loss in purchasing power, has further weakened the economic situation of colleagues situated at the entry level of our European Public Service.

In the [previous issue \(No. 71\) of Agora](#), we analyzed the erosion of purchasing power, aggravated in the case of Luxembourg, for which the Staff Regulations explicitly precludes the existence of a correction coefficient, despite the fact that the cost of living there exceeds that of Brussels by 10.2% (2013).

The latest reform of the Staff Regulations (2014) confirmed and corroborated the legislator's 'political will' to arbitrarily assimilate Luxembourg with Brussels. Furthermore, in order to counter criticisms that the Method for adjusting salaries and pensions was ignoring Luxembourg, the Commission had the idea of inventing a Joint Index. What is this about?

Joint Index for Belgium–Luxembourg

The Brussels International Index used under the 2004-2012 Method, which was the hinge of the entire system, is now replaced by a 'Joint Index' for Belgium-Luxembourg:

« Eurostat shall draw up an index to measure changes in the cost of living for officials of the Union in Belgium and Luxembourg. That index (...) shall be calculated by weighting national inflation (...) between June of the previous year and June of the current year according to the distribution of the staff serving in those Member States» (article 1, n° 2, of Annex XI to the Staff Regulations).

Thus, if, as regards the sum of staff in Brussels and Luxembourg, the former represents 78.3% and the latter 21.7% (as was the case in 2013), 78.3% is multiplied by the Brussels inflation rate and 21.7% by the Luxembourg inflation, then the sum of the two products will become the Joint Index rate.

A sleight of hand

Obviously, in that Joint Index, the weight of Luxembourg will be less than that of Brussels; a plus or minus 0.3% difference for Luxembourg compared to Brussels will push the Joint Index by 0.1% up or down. The evolution of the inflation in Brussels will be altered to that extent. If it rises, Brussels colleagues will 'benefit' from a higher Luxembourg inflation, if it drops, they will have a loss.

But the biggest anomaly affects Luxembourg colleagues: this Joint Index does nothing more than measure "**changes in the cost of living for officials of the Union in Belgium and Luxembourg**". But the **starting level** of that evolution is wrong: for both Brussels and Luxembourg, that starting level is the cost of living which was calculated initially only for Brussels. The existence of a 10.2% gap recorded in 2013 for Luxembourg compared to Brussels is conveniently swept under the carpet.

In that way, the false assumption 'Luxembourg = Brussels' was confirmed and perpetuated, while adding a small 'dose' of Luxembourg to the year-on-year evolution is used as a smokescreen to give to the poorly informed the superficial impression that 'Luxembourg was not forgotten'.

Contract staff in Luxembourg: below the national minimum wage!

The erosion of purchasing power in Luxembourg, which affects all staff by the same percentage, has carried particularly severe consequences for contract staff in function groups I and II, who have found themselves below the minimum wage in force in Luxembourg.

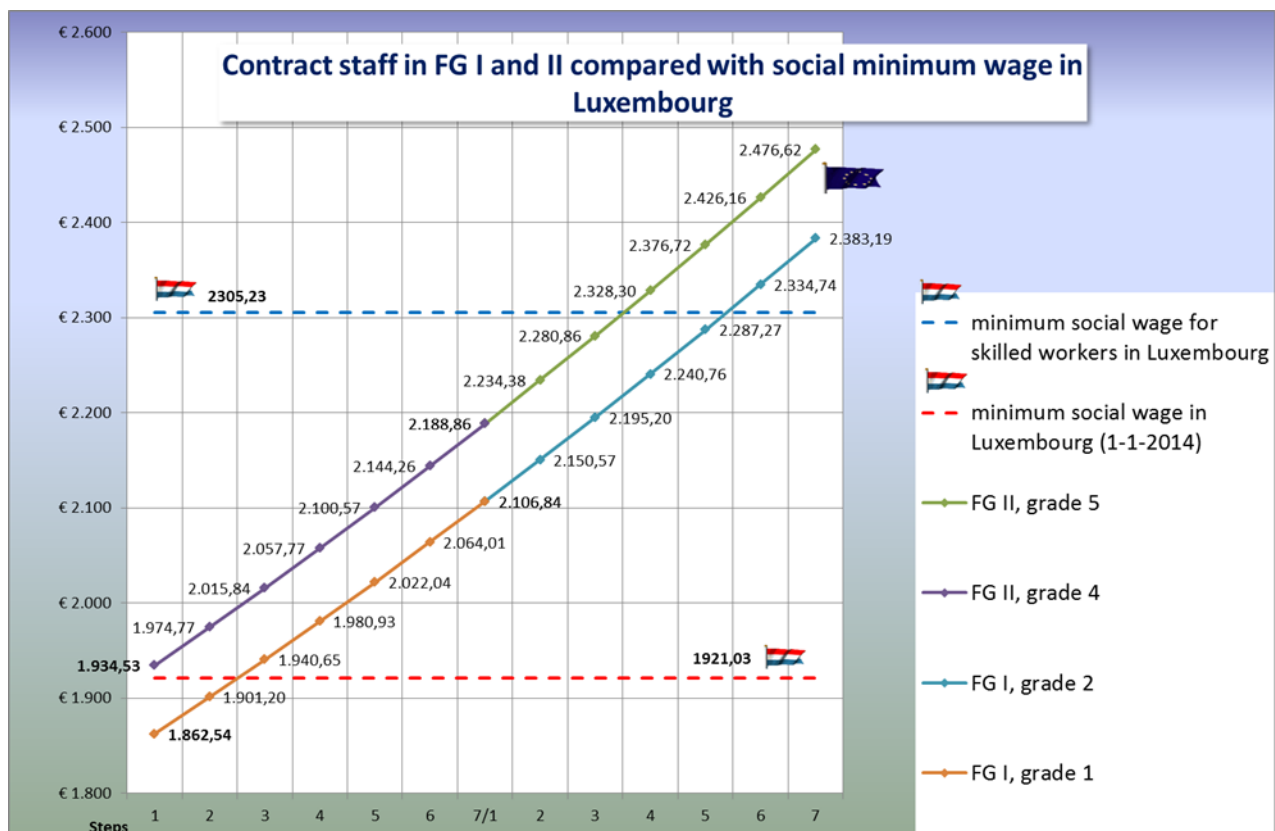
Even though the labour law in force of the host country does not formally apply to EU institutions, it is hard to be convincing when trying to explain to colleagues that they are subject to a system of 'extraterritoriality', below the standards which apply to other citizens in the country. The fact that contract staff are generally recruited locally makes it more difficult to explain why 'indexation' of salaries applies to all other wage earners in the country except for them. And if the thankless task of explaining the difference lies with the unions, the latter arouse suspicion.

The feeling EU contract staff have of being discriminated as compared to national workers ends up widening the division between them and EU officials. This is how austerity-driven decisions of the employer/legislator result in breaking up the cohesion between groups of staff of EU institutions.

A rigid legal framework

A battery of provisions of the Conditions of Employment of Other Servants (CEOS) has cut off escape routes from a situation that is aggravated by continuous erosion of purchasing power.

For function group I, the CEOS does not allow hiring contract staff otherwise than 'in grade 1' (Article 86 (1)). Very generously, the reform in 2014 allowed recruiting at step 2 (which is worth 38 € more!). Not enough to pass the bar of Luxembourg minimum wage! In Luxembourg terms, this refers to an **unskilled** worker aged 18 or more! While contract staff recruited in the institutions would be generally considered, under Luxembourg law, as **skilled** workers, which requires a vocational certificate or, failing that, 10 years of professional experience, to access the status of a skilled worker.



To reach the level of minimum wage of a skilled worker in Luxembourg, FG I contract staff should almost reach grade 3; similarly, the FG II contract staff should reach step four of the second grade in their career.

Contract staff receiving neither foreign residence (4%) nor expatriation allowance (16%) do exist. The fact that they occur less frequently than those who receive it only confirms the weak attractiveness of this type of job in the Luxembourg labour market. Even if, for the purposes of comparing with Luxembourg wages, foreign residence or expatriation allowance are included in contract staff's remuneration, minimum wage for skilled workers will still be higher than the salary of a FG I and II contract staff at the start of their career.

Seeking remedies

Most of the commonly raised remedies aimed at rectifying the situation are part of a *de lege ferenda* ("with a view to the future law") discussion, which would involve a dangerous new Staff Regulations review. Trade unions know that putting the Staff Regulations on the table of discussions amounts to opening Pandora's Box.

The demand for a **weighting** for Luxembourg is not new. If it is raised in the context of a Staff Regulations review, *i.e.* the only framework in which changes can be brought about, the backlash will be immediate: the threat to link expatriation allowance to the place of residence rather than to the place of employment. Result: the first one to lose it will be the cross-the-border colleagues, most of whom are low paid and flee the expensive Luxembourg housing market and the one of Luxembourg City in particular.

Housing allowance? The legal basis which could have allowed its introduction was repealed by the 2004 reform, with the agreement of the trade unions, as part of a 'tidying up' of obsolete provisions (former Article 14a of Annex VII).

Changing the pay scale for contract staff and of FG I and II was proposed, end of 2011, by the trade unions, unsuccessfully, since it was time –and still is– for budget cuts and not for social progress. Moreover, the CEOS precludes **internal selection procedures** (Article 87 (4)), while the 2014 reform opened a small window for admission to **internal competitions** (from which FG I is excluded from the outset) (Article 29 (1) of the Staff Regulations, in combination with Article 82 (7) of the CEOS).

As a safeguard, it becomes necessary to establish a rule whereby the gross salary cannot be less than the minimum salary applicable in the country of the place of employment.

And to complete the circle, Article 3 (2) of Annex XI to the Staff Regulations (the Method) excludes any possibility of **spreading** an update of remuneration **in a non-linear way**: « *The update shall be in net terms as a uniform across-the-board percentage* ». Repealing this provision would make it possible to distribute the amount of money resulting from a (positive) update so as to give a boost to the lower salaries while maintaining the mathematical structure of the grid. The pay-scale range would thus be reduced in favour of the lower salaries.

Such a measure would cost nothing to the budget, but this is, once again, a *de lege ferenda* reflection, involving therefore a Staff Regulations review.

In contrast, social policy measures (*e.g.*, providing medical services in kind, setting contribution scales for early childhood facilities with a stronger progressivity in favour of lower incomes, subsidizing on an equal basis season-tickets for public transport, etc.) have the advantage of not involving a risky reform of the Staff Regulations.

Have no illusion!

In conclusion, there will be no easy solution, and do not believe that there is a way around the ordinary legislative procedure to by-pass a rigid statutory framework, which was based on the assumption that, recruiting and retaining staff for manual tasks will always be easy. There are no grounds for hoping for more generosity; besides, the recent European elections confirmed the same political forces in power. No improvement will be possible unless the staff build solidarity by developing strong and permanent structures, rather than launching fireworks occasionally.

If we wish contract staff to identify with existing union structures, we will have to say that solidarity is not neutral. Contract staff's unrest should not be used as a pretext for advancing a battery of catch-all claims which would risk to be turned against them. Our defence will not be assured by tricks, but will depend on our ability to keep all components of our European Public Service together.

The risks of installing a divide are more than visible, and our commitment to solidarity in favour of the weaker parts must be confirmed by our action.