



Report on the 121st meeting of the Budget and Finance Committee Munich, 24 October 2018

In October, for the first time in years, your staff representatives had a short “pre-meeting” before the latest meeting of the Budget and Finance Committee (BFC) with the President of the Office himself in addition to the usual one with the BFC chairman (Mr Kaufhold) to discuss items on the agenda of this BFC meeting as well as other matters of interest. Again, we can report that the President allowed open and frank discussions. The concerns we raised were noted but did not, however, lead to concrete changes.

On the [agenda](#) of the BFC meeting were two items of particular interest for staff:

- Transfer of funds into the Pension Schemes;
- Budget implementation in 2018; Draft budget 2019 and forecast 2020-2023.

Transfer of funds from the Office’s Treasury into the RFPSS and into the Salary Savings Plan (SSP) ([CA/82/18](#))

The transfer of funds (€200m into the RFPSS and €2,4m to individual savings accounts in the SSP) is, in general welcome, and represents a win-win situation for the office and the staff members and in the end also for the member states, as it will increase the long-term sustainability of pension obligations. In our intervention we repeated concerns that had already been raised (see our respective letter to the President and the corresponding publication¹) regarding the distribution of the amount injected into the SSP according to the contribution per staff member. The proposal in CA/82/18 will result in the allocation of far higher amounts to higher grades (about €7000) and much lower amounts to lower ones (e.g. examiner €500). As most of the colleagues in the SSP are in lower grades, this will clearly not be perceived as fair. As these injections are supposed to be regarded as a reward for the success of the Office in 2018, we proposed a compromise in which an amount was allocated for each staff member according to their basic salary, leading to a fairer spread of about a factor of 1 to 3, which could be more acceptable for staff.

Actually, statutory GCC consultation on CA/82/18 is still outstanding and it will presumably take place on 22 November 2018, giving the President a theoretical last chance to consider our arguments before the December Administrative Council meeting. The President agreed to discuss this issue next year in more depth, and ahead of presenting a proposal to the BFC. We regard this as a necessary step.

¹ [Proposed transfer of funds to the RFPSS and the SSP](#)

The delegations in the BFC gave a unanimous positive opinion to the transfer of funds into the Pension Schemes².

Budget implementation and IFRS comprehensive income – estimated position at the end of 2018 (CA/70/18 Corr.1) and Draft budget and table of posts for 2019; Estimates 2020 – 2023 (CA/50/18)

As expected, the results of the Office in 2018 are again very positive. The operating result is expected to rise from €442m last year to €460m this year. The operating surplus allows the injections into the pension schemes mentioned above.

The President presented the draft budget for next year as a transitional budget, originating from the previous administration. Delegations again raised questions about “production versus quality”, considering the foreseen 125.000 grants compared to some 60.000 a few years ago. Replying to an enquiry on governance issues³, the President agreed to provide the assistance of the Office services to the AC Secretariat, and stressed the necessity for the AC and the President to share the same (legal) opinion and to speak with one voice. We raised the issue that the draft plan 2019 foresees, yet again, a production increase of 10% over the previous plan, notwithstanding 50 fewer examiner posts being occupied. This would mean a further increase in production pressure. The President, however, made clear that this is only the plan and that he considers that the overall real production target, estimated as about 430.000 products in 2018, would be reduced to about 400.000 in 2019.

Furthermore, we requested an increase of the foreseen rewards budget in 2019 to allow for at least partial compensation for the non-rewards in the past rewards exercises. The President responded that only 5% had not received any reward in the past years. From your feedback, we assume that the problem of non-reward is actually much bigger (e.g. only a bonus received etc.), not to speak of slow career progression. The President stressed that the past reforms are here to stay. However, he seemed ready to discuss improvements that would maintain the sustainability of the Office.

As to buildings / staffing aspects, we noted that the Office had already vacant office space in PschorrHöfe VIII, but that the Boards of Appeal are planning additional rental in Haar to accommodate their additional technical members.

The delegations in the BFC gave a unanimous positive opinion on the draft budget.

Conclusion

This BFC meeting was a transitional one, building on the legacy of the previous Administration, in waiting for the definition of new strategic orientations by Mr Campinos.

² The President has already published his report on this topic with [Communiqué 6/2018](#).

³ By contrast, the AC had stressed in CA/26/16 the important institutional role of the AC and its dependence on a well-resourced and independent AC Secretariat. It had requested its reinforcement.

Annex: Interventions by the Staff Representation

The interventions below are not (necessarily) *verbatim* transcriptions of the oral interventions, but try to reflect them on the basis of both the prepared speaking notes and personal recollection.

Intervention on the transfer of funds from the Office's Treasury into the RFPSS and into the Salary Savings Plan

“Der Personalausschuß begrüßt ausdrücklich den Vorschlag, 202,4 Millionen Euro in die Versorgungssysteme zu übertragen. Diese Übertragung führt sozusagen zu einer Win-win-Situation. Die Vertragsstaaten sehen eine weitere Absicherung der Versorgungsverpflichtungen der Europäischen Patentorganisation. Und für die seit dem 1. Januar 2009 eingestellten Bediensteten, die ja eingeschränkte Pensionsansprüche haben, wird eine individuelle Ausgleichszahlung in den Gehaltssparplan gewährt. Ich möchte hier ausdrücklich betonen, daß mit den Aktuaren des Amts in dem zuständigen Ausschuß eine offene Diskussion über die gerechte Verteilung dieser Ausgleichszahlung möglich war. Ein Novum unter Ihrem und unserem neuen Präsidenten. Dies ist im sozialen Dialog ein Weg in die richtige Richtung. Dafür sind wir dankbar. Leider wurde Ihnen das Dokument CA/82/18 bereits vor dieser Diskussion mit den Personalvertretern unterbreitet. Wir bedauern daher, daß es in dem Papier im Abschnitt über Alternativen heißt: keine. Keine Alternativen! Wie verteilt man 2,4 Millionen Euro gerecht auf die ungefähr 1.300 Bediensteten im neuen Versorgungssystem? Leider finden wir im Dokument keine Zahlen hierzu. In Absatz 15 heißt es lediglich: proportional zu den Beiträgen zum Gehaltssparplan. Wir haben nachgerechnet. Dies bedeutet ungefähr 7.000 Euro Zuschuß für den Gehaltssparplan einer Hauptdirektorin und lediglich zirka 500 Euro für einen Patentprüfer in der ersten Gehaltsgruppe. Viele Kolleginnen und Kollegen empfinden dieses Mißverhältnis als ungerecht. Wir haben daher vorgeschlagen, daß man die 2,4 Millionen Euro anders verteilt, nämlich proportional zu den Grundgehältern der 1.300 Bediensteten. Der Hauptdirektor bekäme dann gut 3.400 Euro für seinen Gehaltssparplan. Die Patentprüferin in der ersten Gehaltsgruppe bekäme knapp 1.200 Euro. Meine Damen und Herren, für beide Verteilungsschlüssel gibt es nachvollziehbare Begründungen. Gerade deshalb finde ich es unglücklich, daß Ihnen in dem Dokument die erste Alternative als alternativlos dargestellt wird und die expliziten Zahlen nicht genannt sind. Im Rahmen des sozialen Dialogs müssen wir dies im nächsten Jahr besser machen. Ich setze hier auf Ihren und unseren Präsidenten. Abschließend und zusammenfassend darf ich Ihnen aber versichern, daß der Personalausschuß die Übertragung von 202,4 Millionen Euro ausdrücklich begrüßt. Denn sie kommt der Europäischen Patentorganisation, den Bediensteten und letztendlich auch den Vertragsstaaten zugute.”

Intervention on the budget implementation / draft budget and table of posts

“Preliminary

Ladies and Gentlemen,

Let me start with a preliminary remark concerning Annex A, which is the budget of the Boards of Appeal.

Our colleagues from the Boards of Appeal are about 300 people and you have added 23 new posts for next year, which is a decision we welcome. They are placed in the Haar site, a location they dislike and which incurs expensive rent for the Office.

At the same time the PschorrHöfe VIII are currently empty and the EPO cannot rent it out. It is a beautiful building strategically placed in the centre of Munich with room for 400 staff.

With regard to make savings for the Office, a future move of our colleagues of the Boards of Appeal to PschorrHöfe VIII would save the EPO a lot of money. On top of that it will improve the satisfaction of our colleagues in the Boards, who will then work better, and that of the appellants and the attorneys too.

Maybe, Ladies and Gentlemen, it would be a good proposal for the next Budget.

Policy aspects of the Budget

The Budget is a fundamental economic document of any Organisation. It is at the same time the pillar of its main policies and, of particular concern to the staff representation, the social policies.

This Budget 2019 document which is in front of you represents a continuation of the policies of the past years. We, the staff representation, look at it with concern. Since my speaking time is limited I will refer only to two of these policies:

1. **Production/Quality** - The budget is based on a 10% increase in files produced. This is supposed to be achieved with the same amount of examiners. Actually the number of examiners working at the desk is decreasing (down by 50 compared to last year) since - as you know - the posts in the budget and the number of real staff are different things. This 10% comes on top of the 10% of the last year and the 10% of the year before etc. This constitutes exponential growth that - as you know - is not sustainable. We endorse the concerns of the Finnish delegation which sees a 100% increase in the number of grants (from 60.000 to 125.000) in just a couple of years delivered by roughly the same staff. In the absence of any new IT tools these increases of production can only be achieved with a corresponding increase of the working pressure and/or a corresponding decrease of the quality. Imagine the effect this can have on the quality at a moment when some indicators give cause for concern.
2. **The career** - The budget maintains the policies of the former president on the career, leaving it with insufficient resources. Many staff who have already morally disengaged from the EPO after years without (significant) reward will now disengage further.

We were expecting a Budget for 2019 that would present a re-think and a break with the previous policies. Instead we see a clear continuation. The hope of staff that a change was coming is now rapidly vanishing.

Thank you very much for your attention.”