



NATIONAL UPDATES

FRANCE

The early retirement system in the French public sector

Early retirement policy seems quite paradoxical. This system results rather costly, and it seems logical that the State intends to limit early departures since they contribute to jeopardise the fragile balance of pension schemes - the system affects in priority the resources of the Nation Fund for Employment (FNE) which finances partly early retirement.

However, after announcing at the beginning of November a reduction in the allocation to the FNE, the French Minister for Employment and Solidarity announced the implementation of a system for early cessation of activity as of 1st January 1999. This system will allow thousands of salaried workers suffering professional diseases (such as those caused by the asbestos) to stop working from the age of 50. Other institutions also use dispensatory early retirement systems, for instance the Ministry of Defence in the particular context of the army staff turning professional and the downsizing of weapon industry, two factors causing early

retirement for thousands of workers. Consequently in 1997, the special pension fund for industrial state workers (FSPOEIE) awarded a little more than 1 500 early pensions only for the Ministry of Defence, a figure which represents 60 % of all pensioners retired in 1997. The total number of early pensions in payment in 1997 reached 13,000, i.e. 23 % of the total number of pensions.

Other public companies : Post, SNCF (railways), EDF (electricity), GDF (gas), RATP (Paris transports) and also France Telecom have used early retirement systems in order to accelerate the reduction of their staff and modify the structure of their staff age diagram. Thus, is early retirement aiming only at inter generation solidarity or is it rather a social regulator allowing to cope smoothly with staff problems ?

Ludovic DELHOMME

**The Euro is coming, soon the new millennium ;
this year 1999 should be the bearer
of all European hopes !**

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EDITORIAL

In a few days an important step will be taken in the European construction. A change of currency is not a common business. This rarity generates both preoccupation and confidence that the future will be less uncertain. One year ago, we noted that all our institutions concerned by the single currency had adopted a strategy to be ready at the right time. The months to come will be essential for the Euro and our involvement is important in this process of development within a confident and dispassionate framework.

As they cover 21 million employees in the public sector, the member institutions of our Association perfectly know the meaning of this matter. Today 7 millions retirees receive on time a pension which represents the most important part of their income. Tomorrow our 14 million active members will rely on our institutions to receive like their predecessors, a decent benefit in order to enjoy their retirement after a good working life.

This confidence is essential to explain and make understand the necessary reforms which go on affecting our pension system. The Europe of pensions is the result of a long history composed of convergence and also divergence. Convergence, insofar as the philosophical approach is concerned and particularly in the concept of giving to everyone the means necessary to keep a decent standard of living, but divergence in the ways to reach this goal.

In this end of millennium, I trust that in the XXIst century, Europe will overcome these differences which are assets on which it will be possible to build a dynamic modern and social framework necessary for its citizens' welfare. That is the hope I formulate so that our institutions go on developing this co-operation process for the benefit of Europe.

Happy new year to everybody !

Thierry CHRISTOPHOUL

FRANCE

The durability of the French pension system called into question

On the occasion of the presentation of the bill on Social security financing to the National Assembly, the government announced the pension reform that it intended to pursue. Far from changing the existing system, the government intends to preserve the pay-as-you-go pension system and strengthen it by introducing new financing tools. In order to understand the review currently carried out, it is necessary to set out the difficulties that the system has to face.

Today the long term solvency of the French pension system is jeopardised. The French pension schemes must ensure their long term solvency. This is the major financial issue for the future.

- Ageing population affects all pension systems of most industrialised countries. In France, the problem has been well known for a long time. The stability of pension systems will rapidly decline as of 2005, with the combination of two major factors : the retirement of the baby boom generations and the decline of the active population linked to the decreasing birth rate since 1965, hence an imbalance between contributors and retirees. Whereas in 1965, there was a rate of 3.5 workers to 1 retiree, in 1998 the rate came down to 2.8 to 1 retiree aged over 60, in 2010 the ratio will be 2.1 to 1. It will then stabilise between 1.73 and 1.5 to 1 in 2040.

- Demographic changes explain only partially the imbalance that will affect the pension schemes. The level of pensions as well as the economic growth are the other two factors involved.

For 30 years, the average level of pension has been increasing because of the retirement of

full career workers who were entitled to full rate pensions.

This evolution happened when the economic growth was slowing down and employment (a third factor) was declining, hence a drop in the number of contributors.

- The combination of these factors is a heavy burden for the French system. It creates obstacles which make difficult all reforms intended to preserve our « inter generation contract ».

Let us rapidly recap on these reforms :

- In 1993, the general scheme for private sector workers was modified : increase in the contributing period to obtain a full rate pension (40 years instead of 37.5) resulting in a choice given to the future retirees to postpone the retirement age or take a lower pension. Pensionable salary calculated on the basis of 25 best years of salary instead of the 10 best years. Adjustment of pensions based on price increases instead of salary growth.

For supplementary schemes (AGIRC and ARRCO) , agreements between employers and unions made it possible to lower the level of pensions and increase the contribution rate. These reforms allows the deficit to be limited until 2005 for the general scheme of old age insurance and until 2010 for the supplementary schemes.

The traditional measures, whose implementation is politically difficult (increase in contributions, prolongation of careers, reduced pensions, harmonisation of special schemes with the general scheme) now seem insufficient when considering the scale of the problem.

The review currently carried out witness a late awareness of worrying realities.

In short

Agenda

The next Board meeting will be held in Brussels on 8 and 9 February. It will be chaired by Jean Pierre Delville, head of the Administration des Pensions in Brussels. Armando Guedes from CGA (Lisbon), outgoing member will be replaced by Mathieu Scheepers from ABP (Netherlands).

Our neighbours who also have to face the ageing of their population and the problem of financing pensions, have adopted measures in order to deal with this problem (gradual postponement of the pensionable age, indexation on net salaries...)

None of these solutions will be sufficient and will postpone the French «time bomb» foreseen for 2005. Additional steps are to be taken in order to preserve the redistributive character of our schemes. The government may have found an answer with the social security financing bill which provides for the creation in 1999 of a reserve fund with a 2 billion francs allocation (see article by Laurent Vernière).

- Getting more room to manoeuvre implies finding new financial tools whose introduction can only be gradual but they can in no way completely replace the pay-as-you-go system. If the degree of civilisation of our countries is assessed according to the standard of living of our senior citizens, it is impossible to switch to a fully funded system without harming significantly the generation caught in the transition period, since they would be subject to a double contribution :
 - To finance the pay-as-you-go pensions of the earlier generations
 - To finance their own pensions through a funded system.

It looks like they would only be the « good for paying » generations.

In the present demographic situation, the pay-as-you-go scheme is unfavourable for transition generations because of the reduction in the number of active members supporting the increasing pension burden of future retirees. As for the funded system, it can only offer high benefits to the previous generations (since decent pensions require a long accumulation period) and it does not solve the problem of the transition generation.

- However it seems that with the government's proposals, a consensus can be reached through a subtle balance between pay-as-you-go and

funded methods. Indeed the bill drawn up by the Minister of Economy and Finance, Dominique Strauss-Kahn, about money purchase schemes in 1999 aims to set up « a system allowing those who can afford it to save for retirement (by creating) a long term investment device open to everyone». These money purchase products must be proposed to salaried workers after they have been agreed on by the professional branch or the company. Their management is entrusted to experts and controlled by social partners. Savings would be frozen for 10 years, renewable until retirement age.

According to the government's proposal, such supplementary system must rely on a collective basis, it must be available to everyone and be administered by social partners. It would look like a saving plan for workers rather than a traditional pension fund as the Anglo Saxon consider it. Therefore, as Bernard Cochemé said in Clubinfos n° 1 of June 1994, « there is a slow evolution of the public opinion towards a new type of pension schemes, which comes in addition to the pay-as-you-go systems ».

Considering it is a debate of ideological or even theological scope (Patrick Artus), we can only regret the fact that our country has been so slow in turning towards funding.

This is mainly because in France, we attach great symbolic importance to solidarity on which the pay-as-you-go system relies ; this sort of contract between generations has no equivalent in the funded system.

_____ Ludovic DELHOMME

In short

Change of job, change of responsibilities

Following a modification in the organisation of ABP, Mathieu Scheepers has been given the post of Consultant for the sponsors (social partners). Because of these new responsibilities, he will have to withdraw from the legal expert commission and working group where his job will be taken up by a new jurist from ABP. He will however carry on with his duties within the Board during the next 3 years. André Nieuwenhuis, who is now Board consultant for Corporate Strategy must give up his post as reporter of the linguistic working group. His substitute will be appointed during the next Board meeting.

FRANCE

Reflection on pensions

At the end of 1998, the pension issue has become quite topical, as there are several proposals which if they are adopted would noticeably modify the context of the French pension system. There are three major innovations :

The Prime Minister has entrusted the Commissaire général du Plan (General Planning Director) to conduct a global analysis on pension schemes. This report is expected by the end of the 1st quarter of 1999. According to this project, the studies will have to present a diagnosis on the financial projections by the year 2040, for all pension schemes.

In addition, it will have to set out present and future inequalities between employees and pensioners' standards of living in a perspective of inter-generation equity.

The working method adopted by this project is new in comparison with previous studies on pension systems (for example the 1991 White Paper on pensions). Before the summer, the General Planning Director convened a group of technicians composed of representatives of central administrative institutions and experts who were made responsible for drawing up preliminary statements appropriate to give the necessary information for the discussion. He also requested all pension schemes to present the context and the hypotheses used in their long term projections. A Commission for consultation on pensions has regularly met during the last term of 1998. It is composed of all social partners and managers of pension institutions. This Commission will have to examine the experts' documents, consider the main issues involved in the mission and formulate an opinion on the diagnosis and the perspectives of the pension system.

In the framework of the bill concerning social security financing, the government announced the creation of a reserve fund meant for completing the resource of the pension system as of 2005, when it has to face demographic difficulties. At first this reserve fund will be funded by the available surplus of the CSSS (solidarity social contribution for companies) and of the FSV (old age solidarity fund) and by the funds resulting from the savings banks reform. Other resources could possibly be allocated later. The government does not exclude the levy of an extra contribution.

The government has committed itself to repealing the « Loi Thomas ». This law voted by the former government had set up a legal framework for pension funds. This decision does not mean that the government has given up the idea of adding a third level to the pension system, that would be based on savings accumulated for retirement. The government has announced the creation of « fonds partenariaux de retraite » (pension fund in partnership) which would complete the pay-as-you-go schemes. These funds will be financed by collective savings mechanisms based on the principle of mutual risks. They will be set up and controlled by social partners. More details will be given later about the framework of this system, after the mission entrusted to two members of parliament has presented its conclusions.

In short

Forum on Pensions

The yearly forum organised by Caisse des Dépôts et Consignations will be held on Friday 19 March 1999 in Bordeaux. Its title is the following «Pensions, the long term obligation». Jean Michel Charpin, from the Planning Commission, responsible for a review on all French pension schemes (see article by Laurent Vernière) will be participating in the debates. As usually, all subscribers will be welcome. For further information, please contact the secretariat general of the Association.

Laurent VERNIERE

PORTUGAL

Transfers from Portugal to the Communities

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**TRANSFER TOWARDS THE
COMMUNITIES, OF THE
ACTUARIAL EQUIVALENT OF
PENSION RIGHTS ACCRUED BY
CIVIL SERVANTS WHEN
WORKING IN A NATIONAL OR
INTERNATIONAL
ORGANISATION OR COMPANY.**

Article 11 (2,3) of Appendix VIII of the Staff Regulations of the Communities' civil servants¹ - [Regulation (EEC, Euratom, ECSC) n° 259/68 of the Council of 29 February, published in the Official Journal n° L-56 of 4 March, Regulation (EEC, Euratom, ECSC) n° 571/92 of the Council, of 2 March, published in the Official Journal n° L-62 of 7 March, and Regulation (EEC, Euratom, ECSC) n° 3947/92 of the Council dated 21 December, published in the Official Journal n° L-404, of 31 December], gives these civil servants the opportunity to apply for a transfer of the actuarial equivalent of their pension rights accrued in national or international organisations or companies, or a transfer of the redemption value (sums repaid) which is to be paid by the pension scheme of this organisation or company when the employee leaves, at the time of joining the civil service of the European Communities.

To apply these conditions, it was necessary to settle within the Portuguese legal framework, the way of payment and the process of conversion of the actuarial equivalent of pension rights (this latter system has been chosen since the redemption value system was considered as insufficient to protect the interest of the persons concerned).

Thus, Decree Law n° 181/97 of 24 July which covers the beneficiaries of the general scheme and the civil servants has set out the transfer procedure as follows :

PERSONS CONCERNED

Only staff who join the European Communities as civil servants or temporary agents, and staff who belong to similar institutions, that are subject to the Staff Regulations of organisations involved in a European scope (when their pension schemes abide by provisions similar to those of Article 11 of Appendix VIII of the Staff Regulations) can apply for the transfer of their pension rights.

Former civil servants of the European Communities cannot benefit from the same provision when they put an end to their service done under the Staff Regulations. It is only a one way transfer. The Communities can only receive but they cannot transfer.

TRANSFER OF THE RIGHTS

The transfer is carried out by sending to the European institution the amount of the actuarial equivalent.

Applications for transfers are submitted to different deadlines according to the situation of the applicants.

The different cases are the followings :

- Civil servants in service at the European Communities before the enforcement of Decree-law n°181/97: they can apply before the relevant national institution, within the 6 months following the date of the introduction of the administrative procedure resulting from the implementation of the decree-law.
- Temporary agents or staff working for similar institutions to which the Staff Regulations of the European Communities apply (when their pension schemes provide for measures similar to those of Article 11 of Appendix VIII of the Staff Regulations) in service before the

1 2 - An Official who enters the service of the Communities after leaving the service of a government administration or of a national or international organization ; or pursuing an activity in an employed or self-employed capacity ; shall be entitled upon establishment to have paid to the Communities

- either the actuarial equivalent
- or the flat-rate redemption value of retirement pension rights acquired by virtue of such service or activities.

In such case the institution in which the official serves shall, taking into account his grade on establishment, determine the number of years of pensionable service with which he shall be credited under its own pension scheme in respect of the former period of service, on the basis of the amount of the actuarial equivalent or sums repaid as aforesaid.

3 - Paragraph 2 shall also apply to an official who is reinstated after a period of secondment under the second indent of Article 37(1)(b) of the Staff Regulations and to an official who is reinstated following expiry of a period of leave on personal grounds under Article 40 of the Staff Regulations.

enforcement of Decree-Law n° 181/97. They can apply for a transfer before the relevant national institution at the latest 6 months after the date when they fulfil the qualifying conditions to be entitled to a retirement pension payable by the Communities.

- Employees who join the Communities after the enforcement of Decree-Law n° 181/97. They can apply for a transfer before the relevant national institutions within the 6 months of their integration as European civil servants.

The actuarial equivalent to be transferred is determined with no consideration of taxes or similar levies and it is not subject to the rules regarding overlapping of a pension with a replacement income, a professional income or other pensions.

The transfer of the actuarial equivalent of pension rights nullifies the contributory periods recorded within the general scheme of social security before the beginning of the career at the European Communities, for the coverage of disability, old age and decease, as well as the contributory periods for retirement and survivor benefits previously accrued within the civil service pension scheme (administered by CGA).

Where the persons are already pensioners, the transfer nullifies their retirement or survivor pensions already paid and requires the beneficiaries to reimburse to the relevant national institution, the whole benefits with the legal adjustments.

ADMINISTRATIVE PROCEDURES

The transfer procedure is rather simple. However it requires a three-fold co-ordination between the European institution, the national institution and the civil servant.

- The first step is the application for transfer. The interested persons must send their application (a special form) to the European institution, which sends it to the national institution after having controlled its admissibility.
- The second step is the calculation of the actuarial equivalent. After receiving the letter

from the Communities, the national institution immediately calculates the amount of the actuarial equivalent and notifies it to the applicant and to the European institution, with all the elements which are involved in the calculation (so that the applicants can claim in case they disagree).

- The following step is the conversion of the actuarial equivalent into pension rights.
- If the applicant does not dispute the amount of the actuarial equivalent determined by the national institution, the European institution notifies him/her, of the result of the conversion into European pension rights.
- Finally, the applicant makes the decision and either requests his/her transfer or cancel his/her application.

It has to be noted that the applicant's decision of transferring the actuarial equivalent is irrevocable.

Regarding survivor pensions, the transfer of the actuarial equivalent is submitted to the agreement of all the beneficiaries of the family.

_____ Vasco COSTA

IRELAND

Transfers to and from the UK

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The Department of the Environment and Local Government, Ireland and HM Treasury, United Kingdom are examining the possibility of making transfer of service arrangements between The Irish Local Government Superannuation Scheme and certain public service pension schemes in the UK. This arises from the fact that there is a considerable number of people working in the teaching and health services in Ireland who have served previously in similar occupations in the UK. At the moment we are examining the extent of transfers involved and the best framework for possible transfer agreements. In view of the common approach which is

adopted in relation to public service pension issues in Ireland, we are conscious of the need to ensure that any possible agreement will be capable of being applied to other public service pension schemes in Ireland and we will be working with our own Department of Finance to ensure a co-ordinated and consistent policy is put in place. While agreement is still a long way off, we would hope to make good progress in analysing the technical problems during the next year.

_____ Damian SMYTH

IRELAND

GRATUITIES FOR ELECTED MEMBERS OF LOCAL AUTHORITIES

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Earlier this year, the Minister for the Environment and Local Government announced a scheme of gratuities for elected members of local authorities who decide to retire on or before the June 1999 local elections. The scheme is in recognition of the dedicated service of such members over a number of years and should, if sufficient members decide to retire, open opportunities in local politics for a wider spectrum of people, including women and the young. The scheme is service based with the maximum gratuity accruing after 40 years' service. The unit

payment per year of service depends on the type of local authority with which service was given. While a very high proportion of members have applied for the gratuity (75% - 80%), the final picture will only become clearer at the end of this year when the selection process for candidates at next year's elections is completed. It is possible that 30% - 40% will actually decide to retire.

_____ Damian SMYTH

In short

New application for membership

VBL (Versorgungsanstalt des Bundes und der Länder), Pension scheme for the staff of the State and the Länder, located in Karlsruhe (Germany) has applied for membership in our association. In accordance with Article 4 of our Memorandum, this application will be submitted to the members' ballot after the next Board meeting. No doubt VBL will soon be welcome in our association.

UK Local authority pension fund regulations 1998

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Considerable interest in the recently issued regulations for the management and investment of local authority pension funds in England and Wales at the Munich Conference justifies a closer look at the provisions.

BACKGROUND

The pension funds associated with the Local Government Pension Scheme (LGPS) in England and Wales had a market value of £68 billion at 31 March 1998. Recent financial market turmoils may well have impacted on

this figure but not before market increases in the early summer had their own short term beneficial impact.

Experts believe the recent events have had no more than a transitory effect on fund values which, given the long term nature of pension funds anyway, will become part of the overall ebb and flow, over time of fund values especially as so much of UK pension funds (53.5%) are currently held in equities. The local authority pension fund asset mix, as at 31 March 1998, compared to all (public and private sector) pension funds, is shown below.

ASSET MIX

Asset Class	Local Authority	All Fund Types
UK Equities	52.9	53.5
Overseas Equities	18.4	20.3
Cash	9.2	5.5
Property	4.1	4.6
Index Linked	6.5	5.5
UK Bonds	5.2	7.6
Overseas Bond	3.7	2.9

Some WM Company

A breakdown of overseas equities shows the greatest exposure (53.8%) in European stock, followed by 16% in North America, with 12.5% in both Japan and the Pacific.

NEW REGULATIONS

Following detailed consultations with interested parties, new regulations governing the management of investment of local authorities pension funds in England and Wales came into force on 19 August 1998. The regulations have been drafted by lawyers instructed to ensure that the terminologies used were straight

forwardly expressed in a simplified (i.e. non-legal) style, that the sequence of the regulations reflected their actual use in practice and that the prudential benchmarks beyond which funds may not be invested were clearly expressed and set out in a schedule to the regulations to assist both in their interpretation and to allow ease of future amendment.

The policy basis of the regulations rests on the need to ensure:

- prudence;
- transparency;
- propriety; and
- accountability.

Local authorities investment decisions are audited annually and it would be deemed illegal by the Courts if decisions taken by the elected councilors of a local authorities, responsible for an individual pension fund, were not in conformity with these regulations' express provisions.

The regulations require local authorities to formulate their investment policy with a view to the advisability of investing pension funds in a wide variety of investments and to the suitability of particular investments and types of investments. They must also obtain proper advice from qualified/experienced sources at reasonable intervals and show that they have considered such advice in making decisions about their investments.

Local authorities may choose to carry out their own investment responsibilities either on an «in-house» basis, or alternatively, which is the case in the majority of authorities, day-day investment decisions may be delegated to external fund managers who should be properly authorised under separate legislation to carry out such investment activities.

External fund managers must be chosen, appointed and their performance reviewed under specific regulations, and within specific deadlines.

And, once again, in managing their investment portfolios for local authorities, each appointed fund manager - and each authority may have in some cases six such managers - must take into account the fact that the funds' money:

- must be invested in a wide variety of investments;
- have regard to the suitability of those types of investments for the fund; and the suitability of any particular investment of that type.

A schedule to the regulations prescribes specific percentage limits (e.g. 1% of the total value of all existing investments in the fund; 1%, 2%, 5%, 10%, 15% and 25%). For example, no more than 2% of fund's value may be invested in a single partnership; no more than 25% may be invested in insurance contract or in unit trusts managed by any one body. These percentage benchmarks are prudently designed to ensure that a full diversification

investment policy is first determined and then maintained by local authorities, while at the same time allowing a reasonable balance to be struck between minimising risks and maximising returns.

Local authorities investment strategies and policies have, overall, proved to be financially sound and achieved as good, or better, returns as the market as a whole. Recent market developments may well likely lead to a move away from equity positions into bonds at least temporarily. Future predictions are that the lead equities have had over bonds is performance (about 5%) is likely to be halved. Others, in support of equities will claim that although over-valued in recent years, long-term they still provide the best competitive return for pension funds. The prospect of increasing activity in Europe could further reinforce this view. With depressed equity markets, buyers will be attracted anyway.

CONCLUSION

Local authorities pension funds constitute public money. They belong to Scheme members but local council tax-payers and elected council members have an interest and a responsibility in their effective stewardship. Benefits of the LGPS are fixed by the law. It only seems right for a major element of the balance sheet to be prudently invested and managed for the long term benefit of pensioners and local tax-payers. The form, structure and prudential principles of the regulations are designed to achieve that policy objective while, at the same time, ensuring that employers' pension costs are minimised, thanks to continued good levels of investment income through the framework provided by the regulations.

Terry CROSSLEY

OUTSIDE EUROPE

Consultative Pension Committee in Japan

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Japan is a country of Bismarck philosophy whose pattern is presently called into question. Japan has the advantage to possess in the founding legislation of its compulsory scheme for salaried workers, a short sentence reading that the economic and financial analysis of the scheme must be carried out at least once every 5 years. As the average necessary time required to review entirely a scheme, propose a reform and adopt it is approximately 5 years, this means that Japan is in a certain way in a state of permanent reform.

The State schemes (the basic universal scheme and the scheme for private sector salaried workers) cover respectively 70 and 33 millions members. Both schemes are pay-as-you-go (with reserves) and are administered by civil servants from the Ministry of Health and Social Affairs.

When planning a reform, it looks desirable to carry out a consultation among the interested parties so that the later could give an advice and formulate opposing proposals. It is also useful that the content of the debate be known by the public and that if the consultation results in a consensus a report be drawn up and published.

For this purpose since 1947, the Japanese authorities (Ministry of Health and Social Affairs, which is the supervising authority for pensions), have set up a consultative committee. In its present form the Consultative Pension Committee is composed of about 20 members appointed by the Ministry. These members belongs to three areas : they are academics (law experts, economists or persons involved in the social administration), civil servants and social partners. They give an individual advice on the Ministry's proposals and publish a report (except if divergences are so important that no consensus can be achieved). This report is handed over to the Minister of Health and Social Affairs and immediately published.

Widely commented upon by the press, this report represents an important step in the process of reform. However the progression towards the definitive legislation is not over : the civil servants reconsider the report with the majority political party (the Liberal Democratic Party, LDP, which has been governing, alone or in coalition, nearly all the time since the War). The common version of both the civil servants and the LDP subsequently returns to the Commission which gives an advice. The text of the bill is drafted by the civil servants. The opposition to the bill can be expressed at the Diet.

The Consultative Committee presents numerous advantages : it allows the public service to have a general consultation and to the interested parties to be aware of the projects and to give an opinion upon them. The presence of academics guarantees a certain level of competence and serenity, the presence of social partners validates the political and social scope of the recommendations laid down by the Committee.

However the Consultative Committee also presents shortcomings : the appointment of the members and particularly the renewal of their mandate being only at the discretion of the civil servants, so that the academics who are considered as too rebellious or whose opinion is regarded as inappropriate have their mandate not renewed. The text of the original proposal and the text of the final report are written by the civil servants. The real negotiations take place between the stage of the Consultative Committee and the stage of the Diet. They involve the civil servants and the party in power, in the utmost secret.

To give a quick look at the Consultative Committee system, it is important to bear in mind that it is only a consultative committee, in no way a concertation entity, and less a decision making body.

■ Jean-François ESTIENNE

MANAGEMENT

Internship at the general secretariat of EAPSPI

From July to September 1998 I was spending an internship (or « stage », as our French colleagues call it) at the General Secretariat of our association. My office was located within the international department of CDC/BCR (Caisse des Dépôts et Consignations/Branche Retraites), where is as well located EAPSPI's General Secretariat. The daily task had to be done in French, and the obligation to work the whole day in a foreign language did not make life easy in the first weeks. Beginnings are such difficult times. But the warm welcome from the General Secretariat's experienced team (including the general secretary, Thierry Christophoul, as well as Claude Dubois, Catherine Chaussade and Chantal Lavidalie) helped a lot, and I was quickly integrated in the daily working procedures.

That meant for example, that I had to give information to a member's request, if a proposal for a European directive was already available on Internet or to explain to jurists from other European retirement institutions the meanings of certain judgements of the European Court of Justice. In addition, articles which arrived for our Euro Pension Bulletin had to be reread. There was often a need for a clarification of certain terms used by the author. The specifics of each particular country are not always clear for readers from other countries. A big task had also to be done to prepare our annual conference. Reports expected from the members had to be demanded, other participants requested information for the voyage to Munich and with participants from the European institutions the timetable had to be clarified (who is available and for which theme?). In addition, I had contacts with other departments of the

« Branche Retraites » especially with the special scheme and the supplementary scheme (CNRACL and IRCANTEC). With some colleagues I was working on a project of pensions for local counsellors in Europe, with others we tried to clarify the system of adaptation within the basic scheme and the supplementary scheme in Germany. Concerning the special schemes for civil servants we worked on the topic of equal treatment, an issue which already caused lots of judgements of the European Court of Justice and will bring a lot of work for our association in the future.

The task was also going on in our working groups and commissions. Besides the extensive analysis of European regulations and judgements of the European Court of Justice for the legal expert commission, there was a lot of work to do in our language working group. Step by step we are coming closer to our target, to develop a common terminology for the institutions of our European association. The meaning of such a common terminology cannot be underestimated, for often, in the legal sector, each single word creates a specific sense. For instance, the term of « pensions » covers in the one country mainly the provisions for civil servants, whereas in another country the same word is just the general term for all branches of retirement provisions.

In general, working lives in France and Germany are quite similar - except for some little local differences. For instance, average working time in France starts one hour later, but work lasts a little longer as well. Bordeaux is just located further in Europe's Southwest in comparison with Munich. Arrangements for part time work result often in a daily work on

In short

About internship and training

It has to be noted that the Karolus programme is still going on. Those who are interested can refer to EPB n° 1 page 14 where all the information has been given. After the fruitful experience of Klaus Stürmer's internship in Bordeaux, the secretariat general is ready to welcome all trainees coming from other member institutions of the Association. The applicants can get a financial help through the Karolus programme.

More information can be obtained from:

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Monday, Tuesday, Thursday and Friday, leaving Wednesday free. This is caused by the French school system, where school lasts the whole day, but younger pupils often have no school on Wednesday. In the long lasting school holidays in France camps for the little ones are organised. CDC also provides a medical station, a library for the daily press and a « co-operative », where the local staff can go for a quick shopping. Naturally there is also a sport association, and who knows, probably we will soon see a match between the teams of Munich and Bordeaux. CDC news are reported in a special magazine and the restaurant is used frequently.

On weekends there was opportunity to get to know Bordeaux and its surroundings. The South West of France and especially the region

of Aquitania invites to a lot of trips and it was easy to realise that the regional wine and cooking are very famous for good reasons.

All in all it has to be said that it would be easy to stay in this region of the world for a far longer period than an internship. This impression was as well caused by the overwhelming reception I met in Bordeaux. Many thanks to all the colleagues at CDC, who helped with their friendliness, warmth and engagement (as well as some « linguistic advises ») turning this internship into a memorable event.

————— Klaus STÜRMER (AKA Germany)

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