

Proposal for a Council Regulation (EC, ECSC, Euratom) adjusting with effect from 1 July 2002 the remuneration and pensions of officials and other servants of the European Communities and the weightings applied thereto

(2003/C 71 E/03)

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EXPLANATORY MEMORANDUM

(Summary of Eurostat report)

1. PREAMBLE

Article 65 of the Staff Regulations and Article 1 of Annex XI to the Staff Regulations require the Council to undertake an annual review of the remuneration of officials and other servants of the Communities on the basis of a report from the Commission.

This report establishes the various parameters which have to be taken into account for the annual review, in particular the cost-of-living trend for Brussels (composite index comprising the joint index and the Brussels consumer price index), the trend in the purchasing power of civil service remuneration in the Member States (specific indicator), and the economic parities used to calculate weightings.

2. TREND IN PURCHASING POWER OF THE REMUNERATION OF NATIONAL CIVIL SERVANTS

2.1. Specific indicator

Eurostat has worked out the trend in civil service remuneration on the basis of information provided by the Member States for the twelve-month period up to 1.7.2002, for each category of official in each Member State.

The specific indicator measuring the trend in the remuneration of national civil servants in central governments in net real terms for the twelve-month period up to 1.7.2002 is 0,7 %.

The figures for each Member State are shown in Table A below:

Table A

Specific indicator
Real changes in the net remuneration of central government staff
1.7.2001-1.7.2002

Country	Nominal changes in the net remuneration (%)	Changes in consumer price indices (%)	Real changes in the net remuneration (%)	Weighting (%)
Belgium	4,3	0,9	3,4	3,80
Denmark	3,7	2,2	1,5	1,78
Germany	2,1	0,8	1,3	27,84
Greece	11,4	3,3	7,8	2,05
Spain	1,9	3,4	- 1,5	4,36
France	1,4	1,4	0,0	22,91
Irlande	6,0	4,4	1,5	0,81
Italy	1,4	2,2	- 0,8	15,83
Luxembourg	9,3	1,7	7,5	0,26
Netherlands	1,9	3,4	- 1,5	3,01
Austria	0,6	1,7	- 1,1	2,02
Portugal	1,6	3,4	- 1,7	2,64
Finland	4,0	1,1	2,9	0,73
Sweden	2,3	2,0	0,3	1,46
United Kingdom	3,5	1,0	2,5	10,49
EUR 15			0,7	100,0

2.2. Control indicators

By way of control indicators Eurostat shows the changes in real terms of per capita emoluments in general government 2,6 % and in central government 0,6 %.

These indicators are compared with the gross real specific indicator of 0,5 %.

3. COST-OF-LIVING TREND FOR BRUSSELS

The joint index measuring the rise in the cost of living in Brussels for the twelve months up to 1.7.2002 calculated by Eurostat is 101,4. The Belgian index (Brussels capital component) is 100,8 for the same period.

4. ECONOMIC PARITIES (ARTICLE 1(3) OF ANNEX XI)

The economic parities used to establish the equivalence of purchasing power for the reference city, Brussels, and the other places of employment at 1.7.2002 are shown in Table B below.

Cost-of-living trends in the reference period between the effective dates of the economic parities (column 4) are indirectly derived from the product of the joint index for Brussels and the variation in the economic parity for the place of employment in question.

Table B
Economic parities

Country/place of employment	Former parity at 1.7.2001 (EUR 1 in nat. currency.)	New parity at 1.7.2002 (EUR 1 in nat. currency.)	Implicit index %	Effective date 1.7.2002 except
(1)	(2)	(3)	(4)	(5)
Denmark	9,903	10,020	2,6	
Germany (a)	1,051	1,040	0,3	
Bonn	0,983	0,975	0,6	
Karlsruhe	0,958	0,957	1,3	
Munich	1,084	1,091	2,1	
Greece	0,872	0,901	4,8	
Spain	0,953	0,974	3,6	
France	1,178	1,187	2,2	
Irlande	1,221	1,248	3,6	
Italy (b)	1,031	1,054	3,7	
Varese	0,956	0,972	3,1	
Netherlands	1,152	1,169	2,9	
Austria	1,085	1,081	1,0	
Portugal	0,886	0,901	3,1	
Finland	1,221	1,220	1,3	
Sweden	10,720	10,780	2,0	
United Kingdom (c)	0,9900	0,9651	- 1,2	
Culham	0,7966	0,7823	- 0,4	

(1)(a) Germany except Bonn, Karlsruhe and Munich.

(1)(b) Italy except Varese.

(1)(c) United Kingdom except Culham.

(4) Implicit I. = Brussels joint index × parity 2002/parity 2001.

5. INTERMEDIATE ADJUSTMENT

An initial adjustment for the change in the cost of living was made by the Council for the reference period i.e. the second half of 2001 with effect from 1.1.2002, in respect of the following countries:

— none

The adjustment to be made for the trend in the cost of living thus takes into account the interim adjustment for these countries.

6. ADJUSTMENTS PROPOSED

An adjustment from 1.7.2002 is required to take account of cost-of-living increases in the places of employment during the reference period.

Since the Brussels capital component of the Belgian index has risen by 0,8 % and the joint index by 1,4 % over the reference period of 1.7.2001-1.7.2002, the cost-of-living weighting to be incorporated in the salary tables for Brussels is 1,3 % (25 % × 0,8 % + 75 % × 1,4 %) in line with Article 3(2) of Annex XI to the Staff Regulations.

The specific indicator measuring the trend in the purchasing power of civil servants in the central governments in the Member States recorded during the period 1.7.2001 to 1.7.2002 is 0,7 %.

This gives a net nominal increase of 2,0 % ($101,3 \times 100,7/100$) in the remuneration of officials in Brussels and Luxembourg.

For the other places of employment the adjustments are derived indirectly from the product of this change and the variation in the economic parity.

For the purposes of this review, the effective date is 1.7.2002 for all places of employment except the following:

— none

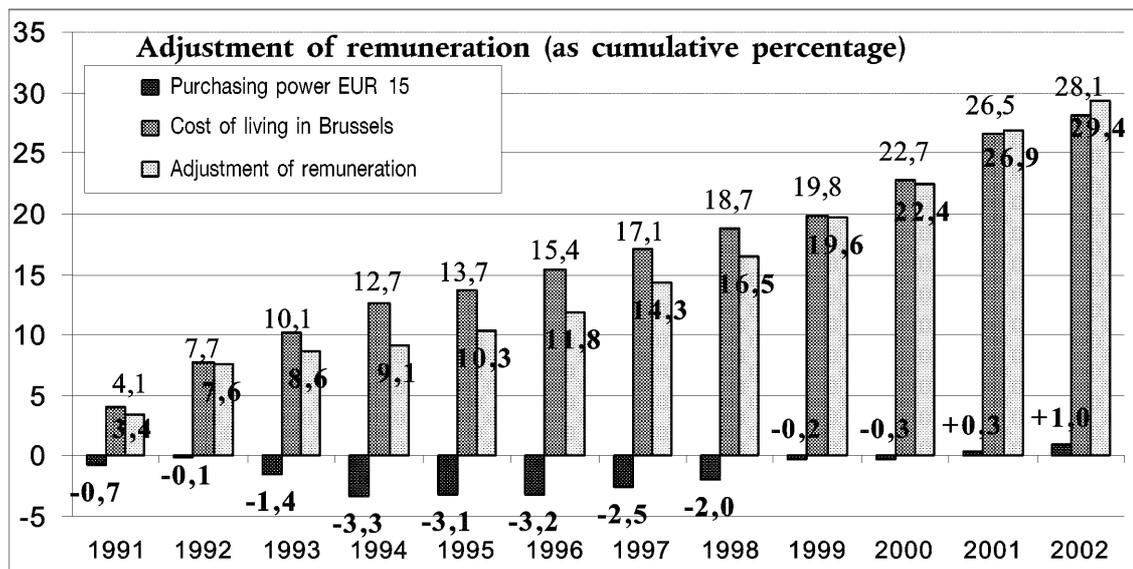
7. CUMULATED CHANGES IN THE REMUNERATION OF NATIONAL AND COMMUNITY CIVIL SERVANTS

Between July 1990 and July 2001, the cumulative change in the purchasing power of national officials was 0,3 %, which the salary adjustment Method passed on in the remuneration of Community civil servants.

If this change is set against the 26,5 % cost-of-living increase in Brussels, the combined salary adjustment up to July 2001 is 26,9 %.

Between July 2001 and July 2002, the change in the purchasing power of national civil servants was 0,7 %. The Method must pass this change on in the remuneration of Community civil servants as from July 2002.

The result is thus a cumulative change of 1,0 % ⁽¹⁾ in the purchasing power of Community civil servants over the 12 years period of application of the 1991 Method.



8. WEIGHTINGS

- a) Incorporation of the increase for Brussels from 1.7.2001 to 1.7.2002 (2,0 %) would bring the weightings for Brussels/Luxembourg back to 100.

Weightings for the other places of employment are directly determined by the differences between the economic parities calculated by Eurostat and the exchange rates applicable on 1.7.2002. The exchange rates are updated at the same time in accordance with Article 63 of the Staff Regulations (Table C).

- b) If the reform proposal is not adopted, under Article 65 of the Staff Regulations the Council could decide in 2003, to establish new weightings effective retrospectively from 1.7.2003.

⁽¹⁾ Leaving out of account the loss in purchasing power caused by the temporary contribution and higher pension contributions referred to in point 9.

These new weightings could lead to retroactive adjustments to remuneration and pensions (positive or negative) in respect of the period in 2003 for which payment has already been made on the basis of the 2002 operation.

In this event, either arrears will be paid if there has been an upward adjustment as a result of the new weightings or if there has been a downward adjustment the sums overpaid from that date will be recovered.

Table C

Calculation of weightings at 1 July 2002

Country/place of employment	Economic parity (EUR 1 expressed in national currency unit)	Remuneration rate (EUR 1 expressed in national currency unit)	Weighting
(1)	(2)	(3)	(4)
Denmark	10,020	7,4281	134,9
Germany (a)	1,040	1	104,0
Bonn	0,975	1	97,5
Karlsruhe	0,957	1	95,7
Munich	1,091	1	109,1
Greece	0,901	1	90,1
Spain	0,974	1	97,4
France	1,187	1	118,7
Ireland	1,248	1	124,8
Italy (b)	1,054	1	105,4
Varese	0,972	1	97,2
Netherlands	1,169	1	116,9
Austria	1,081	1	108,1
Portugal	0,901	1	90,1
Finland	1,220	1	122,0
Sweden	10,780	9,0736	118,8
United Kingdom (c)	0,9651	0,6460	149,4
Culham	0,7823	0,6460	121,1

(1)(a) Germany except Bonn, Karlsruhe and Munich.

(1)(b) Italy except Varese.

(1)(c) United Kingdom except Culham.

(3) Exchange rate used for implementation of the Community budget on 1 July 2002 (article 63 of staff regulations).

(4) = (2)/(3).

9. OTHER FACTORS

When the Council adopted its decision on renewal of the salary adjustment method on 19.12.1991, incorporated in the new Annex XI to the Staff Regulations, it also decided:

- to introduce a temporary contribution at a gross rate of 5,83 % with effect from 1.1.1992,
- to raise staff contributions to the pension fund from 6,75 % to 8,25 % with effect from 1.1.1993.

Under the reform, the Council decided to extend the method and temporary contribution until 30.6.2003 ⁽¹⁾.

⁽¹⁾ Council Regulation (EC, ECSC, Euratom) No 2805/2000 of 18 December 2000 (OJ L 326, 22.12.2000, p. 7).

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to the Protocol on the Privileges and Immunities of the European Communities, and in particular Article 13 thereof,

Having regard to the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68 ⁽¹⁾ as last amended by Regulation (EC, ECSC, Euratom) No . . . , and in particular Articles 63, 64, 65, 65(a) and 82 of the Staff Regulations, Annex XI ⁽²⁾ to the Staff Regulations, and the first paragraph of Article 20 and Article 64 of the Conditions of Employment,

Having regard to the proposal from the Commission,

Whereas:

- (1) A review of the remuneration of officials and other servants carried out on the basis of a report by the Commission has shown that the remuneration and pensions of officials and other servants of the Communities should be adjusted under the 2002 annual review.
- (2) The annual adjustment in respect of 2003 could entail the establishment before 31 December 2003 of new weightings with retroactive effect from 1 July 2003.
- (3) These new weightings could lead to retroactive adjustments to remuneration and pensions (positive or negative) in respect of the period of 2003 for which payments have already been made on the basis of this Regulation.
- (4) Provision should therefore be made for the payment of arrears in the event of an upward adjustment as a result of these weightings or for the recovery of sums overpaid in the event of a downward adjustment for the period between the effective date and the date of entry into force of the Council's decision on the annual adjustment in respect of 2003.
- (5) Provision should be made for the effects of any such recovery to be spread over a period of not more than twelve months following the date of entry into force of the Council's decision on the annual adjustment in respect of 2003,

HAS ADOPTED THIS REGULATION:

⁽¹⁾ OJ L 56, 4.3.1968, p. 1.

⁽²⁾ Extended until 30.6.2003. Council Regulation (EC, ECSC, Euratom) No 2805/2000 of 18 December 2000 (OJ L 326, 22.12.2000, p. 7).

Article 1

With effect from 1 July 2002:

a) the table of basic monthly salaries in Article 66 of the Staff Regulations is replaced by the following:

Grade	Step							
	1	2	3	4	5	6	7	8
A 1	12 179,52	12 826,51	13 473,50	14 120,49	14 767,48	15 414,47		
A 2	10 808,33	11 425,71	12 043,09	12 660,47	13 277,85	13 895,23		
A 3/LA 3	8 951,25	9 491,28	10 031,31	10 571,34	11 111,37	11 651,40	12 191,43	12 731,46
A 4/LA 4	7 520,00	7 941,50	8 363,00	8 784,50	9 206,00	9 627,50	10 049,00	10 470,50
A 5/LA 5	6 199,87	6 567,17	6 934,47	7 301,77	7 669,07	8 036,37	8 403,67	8 770,97
A 6/LA 6	5 357,85	5 650,18	5 942,51	6 234,84	6 527,17	6 819,50	7 111,83	7 404,16
A 7/LA 7	4 612,02	4 841,51	5 071,00	5 300,49	5 529,98	5 759,47		
A 8/LA 8	4 078,92	4 243,42						
B 1	5 357,85	5 650,18	5 942,51	6 234,84	6 527,17	6 819,50	7 111,83	7 404,16
B 2	4 642,16	4 859,80	5 077,44	5 295,08	5 512,72	5 730,36	5 948,00	6 165,64
B 3	3 893,81	4 074,78	4 255,75	4 436,72	4 617,69	4 798,66	4 979,63	5 160,60
B 4	3 367,80	3 524,74	3 681,68	3 838,62	3 995,56	4 152,50	4 309,44	4 466,38
B 5	3 010,37	3 137,37	3 264,37	3 391,37				
C 1	3 435,01	3 573,53	3 712,05	3 850,57	3 989,09	4 127,61	4 266,13	4 404,65
C 2	2 987,74	3 114,68	3 241,62	3 368,56	3 495,50	3 622,44	3 749,38	3 876,32
C 3	2 787,00	2 895,75	3 004,50	3 113,25	3 222,00	3 330,75	3 439,50	3 548,25
C 4	2 518,27	2 620,28	2 722,29	2 824,30	2 926,31	3 028,32	3 130,33	3 232,34
C 5	2 322,00	2 417,15	2 512,30	2 607,45				
D 1	2 624,21	2 738,95	2 853,69	2 968,43	3 083,17	3 197,91	3 312,65	3 427,39
D 2	2 392,77	2 494,68	2 596,59	2 698,50	2 800,41	2 902,32	3 004,23	3 106,14
D 3	2 227,04	2 322,36	2 417,68	2 513,00	2 608,32	2 703,64	2 798,96	2 894,28
D 4	2 099,79	2 185,90	2 272,01	2 358,12				

- b) — EUR 180,72 is replaced by EUR 184,33 in Article 1(1) of Annex VII to the Staff Regulations,
- EUR 232,73 is replaced by EUR 237,38 in Article 2(1) of Annex VII to the Staff Regulations,
- EUR 415,75 is replaced by EUR 424,07 in the second sentence of Article 69 of the Staff Regulations and in the second subparagraph of Article 4(1) of Annex VII thereto,
- EUR 207,98 is replaced by EUR 212,14 in the first paragraph of Article 3 of Annex VII to the Staff Regulations.

Article 2

With effect from 1 July 2002, the table of basic monthly salaries in Article 63 of the Conditions of Employment of Other Servants is replaced by the following:

Category	Group	Step			
		1	2	3	4
A	I	5 718,30	6 426,62	7 134,94	7 843,26
	II	4 150,26	4 554,68	4 959,10	5 363,52
	III	3 487,64	3 643,00	3 798,36	3 953,72
B	IV	3 350,33	3 678,31	4 006,29	4 334,27
	V	2 631,64	2 805,11	2 978,58	3 152,05
C	VI	2 502,88	2 650,23	2 797,58	2 944,93
	VII	2 240,15	2 316,37	2 392,59	2 468,81
D	VIII	2 024,75	2 144,00	2 263,25	2 382,50
	IX	1 949,91	1 977,07	2 004,23	2 031,39

Article 3

With effect from 1 July 2002 the fixed allowance referred to in Article 4(a) of Annex VII to the Staff Regulations shall be:

- EUR 110,63 per month for officials in Grade C 4 or C 5,
- EUR 169,62 per month for officials in Grade C 1, C 2 or C 3.

Article 4

Pensions for which entitlement has accrued by 1 July 2002 shall be calculated from that date by reference to the table of basic monthly salaries laid down in Article 66 of the Staff Regulations, as amended by Article 1(a) of this Regulation.

Article 5

With effect from 1 July 2002, the date '1 July 2001' in the second paragraph of Article 63 of the Staff Regulations is replaced by '1 July 2002'.

Article 6

1. With effect from 16 May 2002, the weightings applicable to the remuneration of officials and other servants employed in the countries and places listed below shall be as follows:

- none

2. With effect from 1 July 2002, the weightings applicable to the remuneration of officials and other servants employed in the countries and places listed below shall be as follows:

Belgium	100,0
Denmark	134,9
Germany	104,0
except: Bonn	97,5
Karlsruhe	95,7
Munich	109,1
Greece	90,1
Spain	97,4
France	118,7
Ireland	124,8
Italy	105,4
except: Varese	97,2
Luxembourg	100,0
Netherlands	116,9
Austria	108,1
Portugal	90,1
Finland	122,0
Sweden	118,8
United Kingdom	149,4
except: Culham	121,1

3. The weightings applicable to pensions shall be determined in accordance with Article 82(1) of the Staff Regulations. Articles 3 to 10 of Council Regulation (ECSC, EEC, Euratom) No 2175/88 of 18 July 1988 laying down the weightings applicable in third countries ⁽¹⁾ shall remain in force.

4. These weightings could be adjusted by a Council regulation before 31 December 2003 establishing new weightings with effect from 1 July 2003. In this event the institutions shall make the corresponding positive or negative adjustment to the remuneration and pensions of the officials, former officials and other persons concerned with retroactive effect for the period between the effective date and the date of entry into force of the decision on the 2003 adjustment.

If this retroactive adjustment necessitates the recovery of sums overpaid, such recovery may be spread over a period of not more than twelve months from the date of entry into force of the decision on the 2003 annual adjustment.

⁽¹⁾ OJ L 191, 22.7.1988, p. 1.

Article 7

With effect from 1 July 2002, the table in Article 10(1) of Annex VII to the Staff Regulations is replaced by the following:

	Entitled to household allowance		Not entitled to household allowance	
	1st to 15th day	from 16th day	1st to 15th day	from 16th day
	EUR per calendar day			
A 1-A 3 & LA 3	71,91	33,88	49,37	28,37
A 4-A 8; LA 4-LA 8 and category B	69,78	31,60	47,36	24,71
Other grades	63,31	29,48	40,75	20,38

Article 8

With effect from 1 July 2002, the allowances for shiftwork laid down in Article 1 of Council Regulation (ECSC, EEC, Euratom) No 300/76 ⁽¹⁾ shall be EUR 320,67, EUR 483,99, EUR 529,20 and EUR 721,47.

Article 9

With effect from 1 July 2002, the amounts in Article 4 of Council Regulation (EEC, Euratom, ECSC) No 260/68 ⁽²⁾ shall be subject to a weighting of 4,628955.

Article 10

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

⁽¹⁾ Council Regulation (ECSC, EEC, Euratom) No 300/76 of 9 February 1976 determining the categories of officials entitled to allowances for shiftwork, and the rates and conditions thereof (OJ L 38, 13.2.1976, p. 1). This Regulation was supplemented by Regulation (Euratom, ECSC, EEC) No 1307/87 (OJ L 124, 13.5.1987, p. 6) and last amended by Regulation (EC, ECSC, Euratom,) No ...

⁽²⁾ Regulation (EEC, Euratom, ECSC) No 260/68 of the Council of 29 February 1968 laying down the conditions and procedure for applying the tax for the benefit of the European Communities (OJ L 56, 4.3.1968, p. 8). Regulation as last amended by Regulation (EC, ECSC, Euratom) No ...