COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 06.10.2003
COM(2003)580 final

Proposal for a

COUNCIL REGULATION (ECSC, EC, Euratom)

correcting with effect from 1 July 2002 the remuneration and pensions of officials and other servants of the European Communities

(presented by the Commission)

EXPLANATORY MEMORANDUM

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.

The information supplied by France for the calculation of the annual adjustment of remuneration for 2002 did not correctly take account of the salary increases of French civil servants. The specific indicator and the adjustment for 2002 should therefore be corrected.

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

Specific indicator

Eurostat has worked out the trend in civil service remuneration on the basis of information provided by the Member States[1] for the twelve month period up to 1.7.2002, for each category of official in each Member State.

The revised 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 1,7 % (0,7% prior to correction).

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

[1] Including the new information for France.

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	6,1	1,4	**4,6**	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
EUR15			**1,7**	100,0

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. 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 % x 0,8 % + 75 % x 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 1,7 % (0,7% prior to correction).

This gives a net increase of 3,0 % (2,0% prior to correction) in remuneration, which means a correction of 1% with effect from 1.7.2002.

An initial adjustment was agreed by the Council on 16 December 2002[2]. The arrears to be paid under the correction will therefore take account of the payments already made.

[2] OJ L 347, 20.12.2002, p. 1.

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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,[3] as last amended by Regulation (Euratom, ECSC, EC) No …[4], and in particular Articles 63, 64, 65, 65a and 82 of the Staff Regulations, Annex XI 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) Council Regulation (EC, ECSC, Euratom) No 2265/2002[5] was unable to take correct account of this trend in the net remuneration of French civil servants.

(2) The figures showing this trend are now available and show that an additional adjustment should be carried out.

(3) The amounts in that Regulation adjusting the remuneration and pensions of officials and other servants of the European Communities should therefore be corrected under the 2002 annual review,

HAS ADOPTED THIS REGULATION:

Article 1

With effect from 1 July 2002:

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3 OJ L 56, 4.3.1968, p.1.
4 OJ …
5 OJ L 347, 20.12.2002, p. 1.

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
A1	12.298,93	12.952,26	13.605,59	14.258,92	14.912,25	15.565,58		
A2	10.914,29	11.537,72	12.161,15	12.784,58	13.408,01	14.031,44		
A3 / LA3	9.039,01	9.584,33	10.129,65	10.674,97	11.220,29	11.765,61	12.310,93	12.856,25
A4 / LA4	7.593,73	8.019,37	8.445,01	8.870,65	9.296,29	9.721,93	10.147,57	10.573,21
A5 / LA5	6.260,65	6.631,55	7.002,45	7.373,35	7.744,25	8.115,15	8.486,05	8.856,95
A6 / LA6	5.410,37	5.705,57	6.000,77	6.295,97	6.591,17	6.886,37	7.181,57	7.476,77
A7 / LA7	4.657,24	4.888,98	5.120,72	5.352,46	5.584,20	5.815,94		
A8 / LA8	4.118,91	4.285,02						
B1	5.410,37	5.705,57	6.000,77	6.295,97	6.591,17	6.886,37	7.181,57	7.476,77
B2	4.687,67	4.907,44	5.127,21	5.346,98	5.566,75	5.786,52	6.006,29	6.226,06
B3	3.931,98	4.114,72	4.297,46	4.480,20	4.662,94	4.845,68	5.028,42	5.211,16
B4	3.400,81	3.559,29	3.717,77	3.876,25	4.034,73	4.193,21	4.351,69	4.510,17
B5	3.039,88	3.168,13	3.296,38	3.424,63				
C1	3.468,69	3.608,56	3.748,43	3.888,30	4.028,17	4.168,04	4.307,91	4.447,78
C2	3.017,03	3.145,21	3.273,39	3.401,57	3.529,75	3.657,93	3.786,11	3.914,29
C3	2.814,32	2.924,14	3.033,96	3.143,78	3.253,60	3.363,42	3.473,24	3.583,06
C4	2.542,96	2.645,97	2.748,98	2.851,99	2.955,00	3.058,01	3.161,02	3.264,03
C5	2.344,76	2.440,84	2.536,92	2.633,00				
D1	2.649,93	2.765,79	2.881,65	2.997,51	3.113,37	3.229,23	3.345,09	3.460,95
D2	2.416,23	2.519,14	2.622,05	2.724,96	2.827,87	2.930,78	3.033,69	3.136,60
D3	2.248,87	2.345,12	2.441,37	2.537,62	2.633,87	2.730,12	2.826,37	2.922,62
D4	2.120,38	2.207,33	2.294,28	2.381,23				

b)
- EUR 184,33 is replaced by EUR 186,14 in Article 1(1) of Annex VII to the Staff Regulations,
- EUR 237,38 is replaced by EUR 239,71 in Article 2(1) of Annex VII to the Staff Regulations,
- EUR 424,07 is replaced by EUR 428,22 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 212,14 is replaced by EUR 214,22 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	5.774,37	6.489,63	7.204,89	7.920,15
	II	4.190,95	4.599,33	5.007,71	5.416,09
	III	3.521,83	3.678,71	3.835,59	3.992,47
B	IV	3.383,18	3.714,38	4.045,58	4.376,78
	V	2.657,44	2.832,61	3.007,78	3.182,95
C	VI	2.527,41	2.676,20	2.824,99	2.973,78
	VII	2.262,12	2.339,09	2.416,06	2.493,03
D	VIII	2.044,60	2.165,02	2.285,44	2.405,86
	IX	1.969,03	1.996,46	2.023,89	2.051,32

Article 3

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

- EUR 111,71 per month for officials in Grade C4 or C5,

- EUR 171,28 per month for officials in Grade C1, C2 or C3.

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 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	72,62	34,22	49,85	28,64
A 4 - A 8; LA 4 - LA8 and category B	70,46	31,91	47,82	24,96
Other grades	63,93	29,77	41,15	20,58

Article 6

With effect from 1 July 2002, the allowances for shiftwork laid down in Article 1 of Council Regulation (ECSC, EEC, Euratom) No 300/76[6] shall be EUR 323,81, EUR 488,74, EUR 534,38 and EUR 728,54.

Article 7

With effect from 1 July 2002, the amounts in Article 4 of Council Regulation (EEC, Euratom, ECSC) No 260/68[7] shall be subject to a weighting of 4,674337.

Article 8

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.

Done at Brussels,

For the Council
The President

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6 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 (Euratom, ECSC, EC) No … (OJ …).

7 OJ L 56, 4.3.68, p.8. This Regulation was last amended by Regulation (Euratom, ECSC, EC) No … (OJ …).

FINANCIAL STATEMENT

Estimate of the budgetary implications over 12 months resulting from the correction of +1% of the annual adjustment of the remuneration and pensions of officials and other servants of the European Communities

Unit: EUR million	**1.07.2002**	**-**	**30.06.2003**
INSTITUTION	Expenditure	Revenue	Total
COMMISSION ADMINISTRATIVE	16,6	2,7	13,9
COMMISSION RESEARCH	2,9	0,5	2,4
PARLIAMENT	3,5	0,6	2,9
COUNCIL	2,2	0,4	1,9
COURT OF JUSTICE	1,1	0,2	0,9
COURT OF AUDITORS	0,6	0,1	0,5
ESC / CoR	0,6	0,1	0,5
DECENTRALISED AGENCIES	1,3	0,2	1,1
TOTAL REMUNERATION	**28,8**	**4,8**	**24,1**
PENSIONS	**7,0**	**0,9**	**6,2**
TOTAL	**35,8**	**5,7**	**30,3**

Estimate of the budgetary implications over 18 months resulting from the correction of +1% of the annual adjustment of the remuneration and pensions of officials and other servants of the European Communities

Unit: EUR million	**1.07.2002**	**-**	**31.12.2003**
INSTITUTION	Expenditure	Revenue	Total
COMMISSION ADMINISTRATIVE	24,9	4,1	20,9
COMMISSION RESEARCH	4,4	0,8	3,6
PARLIAMENT	5,3	0,9	4,4
COUNCIL	3,3	0,6	2,9
COURT OF JUSTICE	1,7	0,3	1,4
COURT OF AUDITORS	0,9	0,2	0,8
ESC / CoR	0,9	0,2	0,8
DECENTRALISED AGENCIES	2,0	0,3	1,7
TOTAL REMUNERATION	**43,4**	**7,4**	**36,5**
PENSIONS	**10,5**	**1,4**	**9,3**
TOTAL	**53,9**	**8,8**	**45,8**

The Commission considers that the impact of this correction to the 2002 annual adjustment can be covered in 2003 and 2004. As regards heading 5:

– for 2003: the Commission considers that some Institutions should propose to the budgetary authority "mop-up" transfers to mobilise the maximum appropriations available within each section. However, in view of the high levels of expenditure, it will probably be necessary to present a draft amending budget to mobilise the margin available under heading 5 (€20 million). That margin could be allocated between the Institutions on the basis of the impact of the respective expenditure. Where necessary, payment of that part of the expenditure that cannot be made in 2003 will be made from 2004 appropriations at the beginning of the financial year.

– for 2004: the Commission considers that the margin under heading 5 covers the impact of the correction. However, it does not think it appropriate to present a draft amending budget at the beginning of the financial year. It should rather be presented, if necessary, during the year when the forecast total annual expenditure of each Institution justifies this.