COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 24.4.2007
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Proposal for a

COUNCIL REGULATION (EC, EURATOM)

adjusting the weightings applicable to the remuneration and pensions of officials and other servants of the European Communities

(presented by the Commission)

EXPLANATORY MEMORANDUM

BACKGROUND TO THE PROPOSAL

Grounds for and objectives of the proposal

In accordance with Article 4 of Annex XI to the Staff Regulations, intermediate adjustments of remuneration and pensions under Article 65(2) of the Staff Regulations, taking effect on 1 January, are to be made, on the basis of information provided by Eurostat, in the event of a substantial change in the cost of living between June and December, with due allowance being made for the forecast of the change in purchasing power during the current annual reference period.

Any Commission proposal needed is to be sent to the Council not later than the second half of April.

General background

In accordance with Article 6 of Annex XI to the Staff Regulations, adjustments are to be made for all places (including Brussels) if the sensitivity threshold is reached in Brussels. If that sensitivity threshold is not reached, adjustments are only to be made for those places where the threshold is exceeded.

In accordance with Article 7 of Annex XI to the Staff Regulations, the amount of the adjustment is to be the Brussels International Index multiplied, where appropriate, by half of the specific indicator forecast if this is negative.

The specific indicator measures changes in the net remuneration, exclusive of inflation, of national civil servants in Member States' central governments. Eurostat has calculated this indicator on the basis of the information supplied by the eight Member States referred to in Article 1(4) of Annex XI.

The Brussels International Index measures changes in the cost of living in Brussels for European Community officials. Eurostat has drawn up this index on the basis of the information provided by the Belgian authorities.

The weightings are the ratio between the relevant economic parity and the exchange rate provided for in Article 63 of the Staff Regulations multiplied, if the adjustment threshold is not reached for Brussels, by the amount of the adjustment.

The economic parities for remuneration establish the purchasing power equivalence of the remuneration paid in Brussels, as the reference city, with that paid in the other places of employment. Eurostat has calculated those parities in agreement with the national statistical bodies.

The economic parities for pensions establish the purchasing power equivalence of the pension paid in Belgium, as the reference country, with that paid in the other countries of residence. Eurostat has calculated those parities in agreement with the national statistical bodies.

Existing provisions in the area of the proposal

This proposal is in addition to the proposal presented each year for adjusting remuneration and pensions.

Consistency with other policies and objectives of the Union

Not applicable.

CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

Consultation of interested parties

Methods of consultation used, main sectors covered and general profile of respondents

The elements of the proposal have been discussed with the staff representatives in accordance with the appropriate procedures.

Summary of replies received and the way in which they have been taken into account

The proposal takes account of the opinions of the parties consulted.

Collection and use of expertise

There was no need for external expertise.

Impact assessment

- The purpose of the proposal is to adjust remuneration and pensions in accordance with the legislation in force.

- The legislation in force permits no alternative.

LEGAL ELEMENTS OF THE PROPOSAL

Summary of the proposed action

In accordance with Article 4 of Annex XI to the Staff Regulations, the purpose of the proposed action is to adjust remuneration in those places in which there has been a substantial change in the cost of living.

The change in the cost of living for Brussels, measured by the Brussels International Index, over the period June to December of the previous year, is **0.3%.**

Changes in the cost of living outside Belgium and Luxembourg during the reference period are measured by the implicit indices calculated by Eurostat. These indices are calculated by multiplying the Brussels International Index by the change in the economic parity.

The sensitivity threshold is the percentage corresponding to 7% for a twelve-month period (3.5% for a six-month period).

The implicit index applicable to remuneration exceeds the threshold in the following countries or places:

- Estonia 5.4%.

The implicit index applicable to pensions does not exceed the threshold in any country.

The intermediate adjustment is the Brussels International Index multiplied, where appropriate, by half of the specific indicator forecast if this is negative.

The specific indicator forecast is **-1.0%**, and thus the amount of intermediate adjustment is **-0.2%.**

The weightings are the ratio between the relevant economic parity and the exchange rate multiplied, if the adjustment threshold is not reached for Brussels, by the amount of the intermediate adjustment.

These weightings take effect on 1 January. However, for those countries or places whose implicit index is greater than 6.3%, they take effect on 16 November. For those countries or places whose implicit index is greater than 12.6%, they take effect on 1 November.

As a result, with effect from **1 January 2007**, the weightings applicable to remuneration for those countries or places exceeding the threshold are:

- Estonia 83.4.

The weightings applicable to pensions and transfers remain unchanged.

Legal basis

The Staff Regulations, and in particular Annex XI thereto, constitute the legal basis.

Subsidiarity principle

The proposal concerns an area that falls within the exclusive competence of the Community. The principle of subsidiarity does not therefore apply.

Proportionality principle

The proposal is consistent with the principle of proportionality for the following reasons:

- Annex XI to the Staff Regulations provides for a Council Regulation.

- The financial burden results directly from application of the method of adjustment provided for in the Staff Regulations.

Choice of instruments

Proposed instrument(s): Regulation.

Other instruments would have been inappropriate for the following reasons:

- Annex XI to the Staff Regulations provides for a Council Regulation.

BUDGETARY IMPLICATIONS

The impact of the adjustment of remuneration and pensions on administrative expenditure and revenue is detailed in the financial statement annexed hereto.

Proposal for a

COUNCIL REGULATION (EC, EURATOM)

adjusting the weightings applicable to the remuneration and pensions of officials and other servants of the European Communities

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 of the European Communities and to the Conditions of employment of other servants of the European Communities, as laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68[1], and in particular Articles 63, 64, 65 and 82 of the Staff Regulations and Annexes VII, XI and XIII thereto, and the first paragraph of Article 20, Article 64 and Article 92 of the Conditions of employment of other servants,

Having regard to the proposal from the Commission,

Whereas:

(1) There was a substantial increase in the cost of living in Estonia in the period June to December and the weightings applied to the remuneration of officials and other servants should therefore be adjusted,

HAS ADOPTED THIS REGULATION:

Article 1

With effect from 1 January 2007, the weightings applicable, under Article 64 of the Staff Regulations, to the remuneration of officials and other servants employed in the countries and places listed below shall be as follows:

- Estonia 83.4.

[1] OJ L 56, 4.3.1968, p. 1. Regulation as last amended by Regulation (EC, Euratom) No …. (OJ L .., …, p. ..).

Article 2

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

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

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

COUNCIL REGULATION (EC, EURATOM) adjusting the weightings applicable to the remuneration and pensions of officials and other servants of the European Communities.

2. ABM/ABB (ACTIVITY-BASED MANAGEMENT/ACTIVITY-BASED BUDGETING) FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:

All areas and activities are potentially concerned.

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings:

Expenditure: XX.01.01.01 Commission and Chapter 11 Other institutions.

Revenue: 400 - Proceeds of the tax on the salaries, wages and allowances of officials, other servants and persons in receipt of a pension, 404 - Proceeds from the special levy on the salaries of members of the institutions, officials and other servants in active employment, 410 - Staff contributions to the pension scheme.

3.2. Duration of the action and of the financial impact:

Indefinite

3.3. Budgetary characteristics (add rows if necessary):

Budget line	**Nature of expenditure**		**New**	**EFTA contribution**	**Contributions from applicant countries**	**Heading in financial perspective**
XX.01.01.01 and Chapter 11	NCE	NDA[2]	NO	NO	NO	No [5]

[2] Non-differentiated appropriations.

4. SUMMARY OF RESOURCES

4.1. Financial resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Nature of expenditure	Section No		Year n	n +1	n + 2	n +3	n +4	n+5 and later	Total
Operational expenditure[3]									
Commitment appropriations (CA)	**8.1**	**a**							
Payment appropriations (PA)		**b**							
Administrative expenditure within reference amount[4]									
Technical and administrative assistance – ATA (NDA)	**8.2.4**	**c**							
TOTAL REFERENCE AMOUNT									
Commitment Appropriations		a+c							
Payment Appropriations		b+c							
Administrative expenditure not included in reference amount[5]									
Human resources and associated expenditure (NDA)	**8.2.5**	**d**	**0,037**	**0,037**	**0,037**	**0,037**	**0,037**	**0,037**	**Not avail-able**
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	**8.2.6**	**e**							

[3] Expenditure not falling under Chapter xx 01 of Title xx concerned.
[4] Expenditure within Article xx 01 04 of Title xx.
[5] Expenditure within Chapter xx 01 other than Articles xx 01 04 or xx 01 05.

Total indicative financial cost of intervention

TOTAL CA, including cost of human resources		**a+c +d+ e**	**0,037**	**0,037**	**0,037**	**0,037**	**0,037**	**0,037**	**Not avail-able**
TOTAL PA, including cost of human resources		**b+c +d+ e**	**0,037**	**0,037**	**0,037**	**0,037**	**0,037**	**0,037**	**Not avail-able**

Co-financing details

If the proposal involves co-financing by Member States, or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

EUR million (to 3 decimal places)

Co-financing body		**Year n**	**n + 1**	**n + 2**	**n + 3**	**n + 4**	**n + 5 and subs. yrs**	**Total**
……	**f**							
TOTAL CA including co-financing	**a+c+ d+e+f**							

4.1.2. Compatibility with financial programming

X Proposal is compatible with existing financial programming.

☐ Proposal will entail reprogramming of the relevant heading in the financial perspective.

☐ Proposal may require application of the provisions of the Interinstitutional Agreement[6] (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. Financial impact on revenue

☐ Proposal has no financial impact on revenue

X Financial impact - the effect on revenue is as follows:

[6] See points 19 and 24 of the Interinstitutional agreement.

EUR million (to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action [Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5][7]
410 Pension contribution	*a) Revenue in absolute terms*	0,100	0,105	0,105	0,105	0,105	0,105	0,105
	b) Change in revenue	Δ	0,005	0,005	0,005	0,005	0,005	0,005
400 Tax	*a) Revenue in absolute terms*	0,072	0,076	0,076	0,076	0,076	0,076	0,076
	b) Change in revenue	Δ	0,004	0,004	0,004	0,004	0,004	0,004
404 Special levy	*a) Revenue in absolute terms*	0,009	0,010	0,010	0,010	0,010	0,010	0,010
	b) Change in revenue	Δ	0,001	0,001	0,001	0,001	0,001	0,001

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2. Human Resources FTE (including officials, temporary and external staff) - see detail under point 8.2.1.

Annual requirements	Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and subs. yrs
Total number of human resources						

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

Obligation under the Staff Regulations.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

Not applicable.

[7] Additional columns should be added if necessary, i. e. if the duration of the action exceeds 6 years.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Not applicable.

5.4. Method of implementation (indicative)

Show below the method(s)[8] chosen for the implementation of the action.

☐ **Centralised management**

X directly by the Commission: PMO

☐ indirectly by delegation to:

☐ executive agencies

☐ bodies set up by the Communities as referred to in Article 185 of the Financial Regulation

☐ national public-sector bodies/bodies with public-service mission.

☐ **Shared or decentralised management**

☐ with Member States

☐ with third countries

☐ **Joint *management with international organisations (please specify)***

Relevant comments: Calculation method: Adjustment = Execution in 2007 x 5.4%. The measure involves 17 persons in Estonia.

6. MONITORING AND EVALUATION

6.1. Monitoring system

Not applicable.

6.2. Evaluation

6.2.1. Ex-ante evaluation

Not applicable.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

Not applicable.

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[8] If more than one method is indicated please provide additional details in the "Relevant comments" section of this point.

6.2.3. Terms and frequency of future evaluations

Evaluation at the end of the fourth year counting from July 2004.

7. ANTI-FRAUD MEASURES

Not applicable.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of objectives, actions and outputs should be provided)	**Type of output**	**Average cost**	**Year n**		**Year n+1**		**Year n+2**		**Year n+3**		**Year n+4**		**Year n+5 and later**		**TOTAL**	
			Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs				Number of outputs	Total cost	Number of outputs	Total cost
OPERATIONAL OBJECTIVE No 1[9]…																
Action 1……																
- Output 1																
- Output 2																
Action 2……																
- Output 1																
Sub-total Objective 1																
OPERATIONAL OBJECTIVE No 2 ……																
Action 1……																
- Output 1																

[9] As described under Section 5.3.

Sub-total Objective 2															
OPERATIONAL OBJECTIVE No n															
Sub-total Objective n															
TOTAL COST															

8.2. Administrative expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (**number of posts/FTEs**)					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff[10] (XX 01 01)	A*/ AD						
	B*, C*/ AST						
Staff financed[11] by Article XX 01 02							
Other staff financed[12] by Article XX 01 04/05							
TOTAL							

8.2.2. Description of tasks deriving from the action

8.2.3. Sources of human resources (staff covered by the Staff Regulations)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

- ☐ Posts currently allocated to the management of the programme to be replaced or extended
- ☐ Posts pre-allocated within the APS/PDB exercise for year n
- ☐ Posts to be requested in the next APS/PDB procedure
- ☐ Posts to be redeployed using existing resources within the managing service (internal redeployment)
- ☐ Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

10 Cost of which is NOT covered by the reference amount.
11 Cost of which is NOT covered by the reference amount.
12 Cost of which is included within the reference amount.

8.2.4. Other administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)

EUR million (to 3 decimal places)

Budget line Number and title	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
1. Technical and administrative assistance (including related staff costs)							
Executive agencies[13]							
Other technical and administrative assistance							
- *intra muros*							
- *extra muros*							
Total technical and administrative assistance							

8.2.5. Financial cost of human resources and associated costs not included in the reference amount

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials and temporary staff (XX 01 01)						
Staff financed by Article XX 01 02 (auxiliary, DNEs, contract staff, etc.) (specify budget line)						
Total cost of human resources and associated costs (NOT included in reference amount)						

Calculation - ***Officials and temporary agents***

Reference should be made to Point 8.2.1, if applicable

Calculation - ***Staff financed by Article XX 01 02***

Reference should be made to Point 8.2.1, if applicable

[13] Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

8.2.6. Other administrative expenditure not included in reference amount

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 - Missions							
XX 01 02 11 02 - Meetings and conferences							
XX 01 02 11 03 - Committees[14]							
XX 01 02 11 04 - Studies and consultations							
XX 01 02 11 05 - Information systems							
2. Total Other Management Expenditure (XX 01 02 11)							
3. Other expenditure of an administrative nature (specify including reference to budget line)							
Total administrative expenditure, other than human resources and associated costs (NOT included in reference amount)							

Calculation - Other administrative expenditure not included in reference amount

[14] Specify the type of committee and the group to which it belongs.