

II

(Acts whose publication is not obligatory)

COUNCIL

COUNCIL DECISION

of 15 December 1981

amending the method of adjusting the remuneration of officials and other servants of the Communities

(81/1061/Euratom, ECSC, EEC)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Staff Regulations of officials and the conditions of employment of other servants, and in particular Articles 64 and 65 of the Staff Regulations and Articles 20, 63 and 64 of the conditions of employment of other servants,

Having regard to the proposal from the Commission,

Having taken note of the report from the Consultation Committee set up by the Council Decision of 23 June 1981,

Whereas it is necessary to lay down the detailed rules according to which the Council, acting on a proposal from the Commission, applies Article 65 of the Staff Regulations, in order to maintain harmonious relations between the European institutions and their officials and other staff;

Whereas, having regard to the principle of parallel development, remuneration should be adjusted on the basis of both the results expressed by the joint index and the specific indicators showing the trend of national public service salaries;

Whereas it is also necessary to lay down the procedure according to which the Council takes account of substantial changes in the cost of living for the purpose of adjusting the weightings in accordance with Article 65 (2);

Whereas, however, if the purchasing power forecast for the reference period produces a negative trend, the relevant interim adjustments should be reduced appropriately;

Whereas the particular difficulties of the economic and social situation make it advisable to introduce an

exceptional levy on salaries, pensions and termination-of-service allowances at the same time as adjustments are made under this method on the understanding that, in the event of serious deterioration in the economic and social situation, the Commission will submit appropriate proposals on which the Council will act,

HAS DECIDED AS FOLLOWS:

Article 1

The method for adjusting the remuneration of officials and other servants of the European Communities adopted on 26 June 1976 shall be replaced by the text annexed to this Decision.

This method shall apply for the period 1 July 1981 to 30 June 1991 and shall take account, on 1 July 1981, of the reference period beginning 1 July 1980.

Article 2

This Decision shall take effect on 15 December 1981.

It shall be published in the *Official Journal of the European Communities*.

Done at Brussels, 15 December 1981.

For the Council

The President

D. HOWELL

ANNEX

I. BASIC PRINCIPLE

The adjustment of salaries based on Article 65 of the Staff Regulations forms part of a policy which aims to ensure that the remuneration of officials and other servants develops in line with the average increase in the remuneration of the various categories of civil servants noted in the Member States.

For a period of 10 years, the following factors shall be taken into consideration for the annual review of salary levels:

- the joint cost-of-living indexes,
- the specific indicator (the change in purchasing power of the salaries of national civil servants),
- the economic and social situation, considered in the light of objective data to be supplied by the Commission,
- recruitment needs.

The statistics necessary for the interim adjustments (Article 65 (2)) shall also be supplied.

II. DETAILED RULES OF APPLICATION

1. Annual review of remunerations

(Article 65 (1) of the Staff Regulations)

Each September the Commission shall submit a report on the following factors:

1.1. *Cost-of-living trends*

The Statistical Office of the European Communities shall draw up, in agreement with the national statistical departments of the Member States, the joint indexes enabling trends of price increases borne by European officials in the various places of employment to be measured and thus enabling the geographical weightings in Article 64 of the Staff Regulations to be updated.

Every five years the Statistical Office of the European Communities shall verify, in agreement with the statistical departments of the Member States, whether the ratios between weightings accurately reflect purchasing power equivalences

between salaries paid to staff serving in the capitals of the Member States.

Such a check shall be made for other places of employment when objective factors suggest that there is a danger of considerable distortion in relation to data recorded in the capital of the country concerned.

1.2. *Changes in the real income of national civil servants – specific indicators*

The aim is to measure the percentage change both up and down in the purchasing power of salaries in the national civil services.

For this purpose:

- (a) The Statistical Office of the European Communities shall, on the basis of information supplied by the national departments, draw up specific indicators for the changes in real salaries of officials in the central administrations during the preceding reference period. The reference period shall be the 12 months preceding 1 July of the year in which the review is carried out.

The various specific indicators shall take two forms:

- an indicator for each of the four categories A, B, C and D,
- an average indicator weighted to reflect the numbers of national civil servants in these four categories.

Each of these indicators shall be drawn up in real gross and real net terms. When there is transition from gross to net, account shall be taken of compulsory deductions and general taxation factors.

In drawing up the indicators for the Member States as a whole, the results per country shall be weighted by the total emoluments of the central administrations ⁽¹⁾.

At the request of the Statistical Office of the European Communities, the national departments shall supply it with the additional information which it considers necessary.

⁽¹⁾ Most recent statistics published in the national accounts.

- (b) If, after further consultation of the national departments concerned, the Statistical Office of the Communities finds statistical anomalies in the information obtained or finds it impossible to draw up indicators which measure with statistical accuracy the changes in the real incomes of civil servants in a given Member State, it shall report to the Commission and provide the Commission with material enabling it to draw up a proposal.
- (c) The Statistical Office of the European Communities shall also assess statistically the difference between the gross and net rates of the specific indicators.
- (d) Besides the specific indicators, the Statistical Office shall submit control indicators in the form of data on real *per capita* emoluments in public authorities generally and in central administrations, drawn up in accordance with national accounts definitions.

Its report on the specific indicators shall be accompanied by explanations of the differences between them and the changes in the control indicators.

- 1.3. To determine the detailed rules for implementing the method and to minimize the risk of disputes regarding the data for the current financial year, the Statistical Office of the European Communities shall, in March each year, convene a working party composed of experts from national statistical institutes.

The working party shall examine all the statistical problems concerning:

- the cost-of-living indexes (joint indexes),
- the specific indexes and, more particularly, the problems involved in calculating these net indicators.

The working party shall also be provided with:

- data on trends in working hours in the central administrations,
- the information required to produce, as far as is possible, a forecast of changes in the purchasing power of salaries of officials in national central administrations over the reference period.

2. The economic and social situation

During the first five years the economic and social situation, assessed in the light of objective data

supplied by the Commission in this regard, shall be taken into consideration by the setting up of a levy, details of which shall be laid down in new provisions of the Staff Regulations and the conditions of employment of other servants.

3. Recruitment needs

(Article 65 (1) of the Staff Regulations)

If recruitment needs so require, the Commission shall present appropriate proposals to the Council.

4. Procedure for adjusting remuneration

- (a) The Council, acting by a qualified majority on a proposal from the Commission, shall take a Decision annually adjusting remuneration on the basis of the criteria set out above.
- (b) The Council shall determine remuneration adjustments in net terms. Such adjustments may be expressed as a uniform across-the-board percentage or in a non-proportional manner.

The adjustment may therefore be expressed as:

- one or more percentages,
- and/or a specific amount.

- (c) The net rate of adjustment thus fixed and the weightings applicable to officials in Belgium and Luxembourg shall be incorporated, in accordance with the following method, in the salary tables appearing in Article 66 of the Staff Regulations and in Articles 20 and 63 of the conditions of employment of other servants:

- the net remuneration for a weighting of 100 attaching to each step of each grade of official and to each class in every group of other servants shall be increased by the above weighting and by the net rate of adjustment referred to in (b) above, whether it is given as a percentage or as a specific amount,
- the new table of basic salaries in gross terms shall be drawn up by calculating for each step or class the gross amount which, after deduction of tax (having regard to (d)

below) and compulsory deductions, gives the new net amount referred to above,

- this conversion of net amounts into gross amounts shall be based on the situation of an unmarried official who does not receive the various allowances,
- the weighting for Belgium and Luxembourg shall be fixed at 100; the weightings for other countries of employment shall be adjusted taking into account the ratio between the cost-of-living index numbers in those countries and the cost-of-living index number in Brussels and Luxembourg.

(d) For the purpose of applying Regulation (EEC, Euratom, ECSC) No 260/68 concerning Community tax to remunerations paid in accordance with the table of basic salaries worked out as provided by the first indent, the amounts in Article 4 of the Regulation shall be multiplied by a factor composed of:

- the weighting applicable before incorporation to the remunerations of officials in Belgium and Luxembourg,
- the net rate of adjustment of remunerations referred to in (c) above,
- and/or, if the adjustment is made in the form of a specific amount, the equivalent average percentage.

Each time the scale of basic salaries is adjusted, the new multiplier shall be obtained by multiplying the former multiplier by the figures for the new reference period.

(e) The Council Decision shall take effect on 1 July of the year in which the end of the reference period used for the pay review falls.

5. Exception clause

If there is a serious deterioration in the economic and social situation, the Commission shall, on the basis of objective data, present appropriate proposals on which the Council will act.

6. Interim adjustment of remuneration

(Article 65 (2) of the Staff Regulations)

Interim adjustments of remuneration under Article 65 (2), aimed at guaranteeing as far as possible the purchasing power equivalence of European officials irrespective of their place of employment, shall be decided on, in the event of a substantial change in the cost of living, if a certain sensitivity threshold is reached taking account of a forecast of changes in the purchasing power of public service salaries during the current annual reference period.

In March each year the Statistical Office shall make a forecast of changes in purchasing power over the period concerned on the basis of the information supplied at the meeting provided for in II (1.3) above.

If this forecast produces a negative percentage, half the latter shall be deducted from the six-month adjustment to be made. The final adjustment shall be made at the time of the annual review.

The sensitivity threshold shall be 55 % of the average change in the cost of living in the Community ⁽¹⁾ recorded over the six-month period following the last adjustment of remuneration. However, to preclude excessively high or low, and therefore unacceptable thresholds, upper and lower limits of 5 and 2.75 % respectively shall be established.

This threshold shall be applied in accordance with the following procedure:

- the Commission proposal for application of Article 65 (2), having as its reference period the second half of the previous year, shall normally be sent to the Council not later than the second half of April,
- if the threshold as defined above is reached or exceeded in Belgium, the weightings for all places of employment shall be adjusted on 1 January of the current year on the basis of the rate of inflation in each of them, subject to the possibility of a deduction, which would be proportional in the case of all the weightings, should the forecast show a negative trend in purchasing power.

⁽¹⁾ As published by the Statistical Office 'Monthly updating of consumer prices - General statistics and national accounts - SOEC'.

For countries with a high rate of inflation the effective date shall be earlier, so as to obtain a loss corresponding to the triggering threshold. The theoretical number of days by which the effective date must be brought forward in order to arrive at this loss correspondence shall be calculated for each place of employment.

On that basis, the effective dates shall be as follows:

- the first day of the month for all places of employment having a theoretical date falling between the 22nd of the previous month and the sixth of the month in question, and
- the 16th of the month for places of employment having a theoretical date falling between the seventh and 21st of the same month.

In no case may the effective date be 1 or 16 December.

The same method shall be used for calculating the effective date for weightings at the time of the annual review, in order to avoid excessive distortions in purchasing power equivalence between places of employment.

If the sensitivity threshold is not reached in Belgium, the weightings of the countries where inflation has exceeded the threshold shall be adjusted in line with their rate of inflation.

The interim adjustments described above shall be deducted from the annual salary adjustment.

Where no joint indexes are available for the purposes of applying Article 65 (2) of the Staff Regulations, national consumer price indices shall be used. The joint index shall be used at the annual review for levelling purposes.

III. FINAL PROVISIONS AND REVIEW CLAUSE

1. The salary adjustment method set up by this Decision shall apply for 10 years from 1 July 1981.
2. Six months before the end of the fifth year and notwithstanding the possible application of the provisions of II (5) above, the Commission shall present a report to the Council on the operation of the method, together with an appropriate proposal, notably as regards the manner in which the economic and social situation is to be taken into consideration from the sixth year onwards.