Adjusting with the effect from 1 July 2011 the remuneration and pension of the officials and other servants of the European Union and the correction coefficients applied thereto

2013/0438(COD) - 10/12/2013 - Legislative proposal

PURPOSE: to adjust with the effect from 1 July 2011 the remuneration and pensions of the officials and other servants of the European Union and the correction coefficients applied thereto.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: in order to comply with the **Judgment of the Court of Justice in Case C-63/12**, when the Council establishes that at this stage of the procedure there is a serious and sudden deterioration in the economic and social situation within the Union, the Commission must submit a **Proposal under Article 336 in order to involve the European Parliament in the legislative process**. Equally the Council and the European Parliament shall decide upon the Commission proposal having regard to the criteria set in Article 65 of the Staff Regulations respecting the rules set in Annex XI with the exception of its Article 3 (2).

The Court has confirmed that the Commission has a margin of appraisal that should be based on Article 65 of the Staff Regulations, as regards the content of appropriate proposals. The review of remuneration may, where appropriate, take into account other factors, such as the human resources management and in particular the needs of recruitment. Within this margin of appraisal, **the Commission may base its decision upon economic and social data such as the 2011 stagnation and the ongoing crisis** as well as the high level of unemployment rate and the high level of public deficit and debt in the European Union. The Commission has taken into account as well developments since 2011 such as the reform of the Staff Regulations and especially **the two years freeze imposed to EU officials and the increase of weekly working time to 40 hours**.

According to the data supplied by Eurostat in agreement with the national statistical offices of the Member States, **national civil servants lost 1.8% of their purchasing power**, the same loss in purchasing power should have been applied to the EU officials and other servants for the period 1 July 2011 – 30 June 2012 if the Commission would have followed the normal application of the method.

The Commission considered however as appropriate to **reduce the proposed adjustment to remuneration and pensions in Belgium and Luxembourg to 0.9% instead of 1.7%** with regard to the economic crisis and the efforts already consented by EU officials.

The same approach would lead in 2012 to an adjustment of 0.9% instead of 1.7%. The total adjustment for both years would be therefore 47% lower than under the normal application of the method in force in 2011 and 2012.

The Commission has proposed the above measures in order to involve the European Parliament in the legislative procedure and to allow the co-legislators to decide on the appropriate measures in accordance with Article 336 TFEU.

Under Article 65 of the Staff Regulations the remuneration and pensions shall be updated before the end of each year, which is the purpose of this proposal.

CONTENT: under this proposal, with effect from 1 July 2011, the table of basic monthly salaries applicable for the purposes of calculating remuneration and pensions shall be replaced by the proposed amendments in this proposal.

The correction coefficients are also laid down in the proposal with the amended dates as regards:

- parental leave benefits,
- household allowance,
- dependent child allowance,
- education allowance,
- expatriation allowance,
- other types of compensation or unemployment.

BUDGETARY IMPLICATIONS: the proposal has a financial impact on all budgetary lines relating to staff expenditure in all Institutions and Agencies, i.e. it concerns expenditure for salaries of staff in headquarters and in delegations, contract agents, staff in the administrative offices, Members, parliamentary assistants, research staff, staff financed under BA-lines, staff paid under the provisions of early termination of service, pensions.

In 2013, the budgetary impact of this change would be EUR 129 million and EUR 51.6 million/year in 2014 and subsequent years.