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) - 03/03/2014 - Court of Auditors: opinion, report

Opinion of the Court of Auditors concerning a proposal for a regulation of the European Parliament and of the Council 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 and concerning a proposal for a regulation of the European Parliament and of the Council adjusting with the effect from 1 July 2012 the remuneration and pensions of the officials and other servants of the European Union and the correction coefficients applied thereto.

Background: pursuant to Article 65 of the Staff Regulations, the remuneration of the officials and other servants of the European Union shall be updated every year, taking into account the economic and social policy of the European Union.

In its Judgment in Case C-63/12 relating to the 2011 adjustment, the Court of Justice emphasised that where the Council determines, on the basis of objective data supplied by the Commission, that there is a serious and sudden deterioration in the economic and financial situation within the Union within the meaning of Article 10 of Annex XI to the Staff Regulations, the Commission is obliged to submit to the European Parliament and to the Council appropriate proposals on the basis of that Article. In that situation, the Commission has, however, a **margin of discretion** of its own as regards the content of those proposals, namely which measures it deems to be appropriate, taking into account the given economic and social situation and, where necessary, other factors to be taken into consideration, such as those relating to management of human resources, and in particular the **needs of recruitment**.

Case C-86/13 relating to the 2012 adjustment is still pending.

The Commission considers as appropriate to propose an adjustment to remuneration and pensions in Belgium and Luxembourg of 0.9% with effect from 1 July 2011 and of another 0.9% with effect from 1 July 2012. The Commission refers, as a basis for its proposals, to the provisions of the ‘exception clause’ (former Article 10 of Annex XI to the Staff Regulations) and to its margin of appraisal under this clause.

Court of Auditor’s opinion: the Court notes that the Commission refers to its margin of appraisal as regards the content of appropriate proposals for adjusting remunerations and pensions. It states that **the wording of the recital 3 in both proposals might give rise to misunderstandings** as it **does not clearly distinguish between a loss of purchasing power and a nominal adjustment** to remuneration and pensions. Furthermore, there is insufficient clarity as to the basis for the computation of the proposed adjustments of 0.9%.

The Court draws attention to the fact that the ‘**exception clause’** as a basis for the Commission’s proposals is **no longer in force**. It suggests considering whether the current rules set out in Annex XI to the Staff Regulations, and, if necessary, the rules of the moderation and exception clauses therein, could be used to deal with the outstanding annual updates for 2011 and 2012. These rules provide a procedure which is based on verified and objective data.

The Court notes that the proposed adjustments will require **budgetary appropriations to be made available**.

Lastly, it states that amendments to the Staff Regulations concerning the procedure for annual remuneration updates have been adopted and entered into force six weeks before the Commission submitted the proposals which are the subject of this opinion.