

EBPOΠΕЙСКИ ПАРЛАМЕНТ PARLAMENTO EUROPEO EVROPSKÝ PARLAMENT EUROPA-PARLAMENTET EUROPÄISCHES PARLAMENT EUROPA-PARLAMENT EYPΩΠΑΪΚΟ ΚΟΙΝΟΒΟΥΛΙΟ EUROPEAN PARLIAMENT PARLEMENT EUROPÉEN PARLAIMINT NA HEORPA PARLAMENTO EUROPEO EIROPAS PARLAMENTS EUROPOS PARLAMENTAS EUROPOS PARLAMENT IL-PARLAMENT EWROPEW EUROPEES PARLEMENT PARLAMENT EUROPEAN PARLAMENT EUROPEAN EURÓPSKY PARLAMENT EVROPSKI PARLAMENTO EUROPAN PARLAMENTTI EUROPAPARLAMENTET

Directorate-General for Internal Policies
Directorate C - Citizens' Rights and Constitutional Affairs
Committee on Legal Affairs
The Secretariat

Non-paper of the Secretariat of the Legal Affairs Committee:
- First thoughts on options for a new method -

## Option 1:

The Commission proposal could be amended to refer to 8 Member States only (the same as in the previous method). In order to compare purchasing power evolution in the 8 Member States and reflect it upon EU level, the comparison of nominal salary changes, the European index of inflation and the mechanism of correction coefficients proposed by the Commission (which refers to all 27 Member States) would have to be adjusted accordingly (i.e. the new reference would be the basket of 8 Member States, the inflation index would correspond to this basket and the difference between the BE-LU inflation and this latter index would be the basis of calculation for the correction coefficients).

## Option 2:

The Commission proposal with 27 Member States is maintained. In order to address the Council's concerns to use 27 Member States, the exception clause could be changed. This would exclude high volatility from one year to another and flatten the curb over time. Therefore, in case of an increase or loss in purchasing power for EU staff of 2% or higher, the result should be split in two parts. The first half of the adjustment would apply, as in the past, retroactively as of 1 July of year n. The second half would be applied as of 1 April of year n+1. This would respect parallelism, but delay its application by 9 months. Staff would "lose" the entitlement to half of the adjustment for 9 months. This would lead to savings for the budget in the years n and n+1.

## Option 3:

The Council's problems with 27 Member States as a reference and the preference for the use of gross instead of net salaries raises the question if, in reality, Council does not prefer to keep the essential elements of the 2004 method. This would mean keeping 8 reference Member States and the use of net salaries in the national civil service. The only changes of the 2004 method would be the automatic character of the annual up-date and the use of Belgian and Luxembourg inflation as proposed by the Commission instead of the International Index. In addition, the old 2004 exception clause would be replaced by the exception clause proposed by the Commission. The exception clause as the only real new element of the method should be reviewed after 10 years. For the rest, the method would not be time limited.



Annex: New exception clause of option 2

If the application of the method results in a decrease or an increase of purchasing power equal or superior to 2% for EU officials and agents, the annual update value shall be divided into two equal parts. The Commission shall act by means of delegated acts in accordance with Articles 110a and 110b of the Staff Regulations, according to which the first half of the update value shall come into effect from 1 July of the current year and the second half shall come into effect from 1 April of the following year.

For the purpose of measuring the percentage change, either upward or downward, in the purchasing power of EU officials and agents' salaries, Eurostat shall, on the basis of information supplied before the end of September by the national authorities concerned, calculate specific indicators reflecting changes in the real remuneration of civil servants in central government, between the month of July of the previous year and the month of July of the current year. The two should include one twelfth of all annually-paid elements.

The specific indicators shall take two forms:

(i) one indicator for each of the function groups, as defined in the Staff Regulations,

(ii) an average indicator weighted to reflect the number of national civil servants corresponding to each function group.

Each of these indicators shall be established in real gross and real net terms. For the transition from gross to net, account shall be taken of statutory deductions and general taxation factors.

To establish the gross and net indicators for the European Union total, Eurostat shall use all the Member States of the Union. The results per country shall be weighted in proportion to its national GDP measured using purchasing power parities as shown in the most recent statistics published in accordance with the national accounts definitions in the European System of Accounts currently in force.

At the request of Eurostat, the appropriate national authorities shall supply it with the additional information which it considers necessary in order to draw up a specific indicator accurately measuring changes in the purchasing power of national civil servants.

If, after further consultation of the national authorities concerned, Eurostat 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 income of civil servants in a given Member State, it shall report to the Commission and provide it with all the material it needs to make an assessment.

Besides the specific indicators, Eurostat shall calculate certain control indicators. One such indicator shall be in the form of data on real per capita emoluments in central government, drawn up in accordance with the national accounts definitions in the European System of Accounts currently in force.

The Eurostat report on the specific indicators shall be accompanied by comments on the differences between these indicators and the above-mentioned control indicators