EUROPEAN COMMISSION

PRESS RELEASE

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Agreement reached on austerity measures and reforms for European civil service

Representatives of the Member States today endorsed a package of austerity measures and reforms for the European civil service which will save €2.7 billion by 2020, and €1.5 billion a year in the long term.

They confirmed an agreement achieved on Tuesday (25) by representatives of the Parliament, the Irish Presidency and the Commission which was already supported by the Parliament's Legal Affairs Committee yesterday (27).

Vice-President Maroš Šefčovič said: "*I welcome the decision of the Member States and of the Legal Affairs Committee. This deal is an appropriate response to the crisis, which also preserves the ability of the European institutions to fulfil their mission. Although no-one can be entirely satisfied with the outcome, it is a reasonable compromise. Negotiations have been very tough, but I am glad that we found an acceptable compromise. The European civil service will be further modernised, in particular through a better link between pay and responsibilities. Whoever goes through one of the tough recruitment procedures must be ready to work hard for Europe and its citizens, including longer working hours and a higher retirement age*".

The proposal includes:

- A two-year pay and pension freeze.
- A 5% reduction of staff in all institutions over the period 2013-17. This represents 2,500 posts in total – more than the entire staff of the Court of Justice.
- An increase in the minimum working week for staff in all institutions from 37.5 hours to 40 hours, without financial compensation.
- The retirement age will increase from 63 to 66 for new staff, and 65 for existing staff. The possibility of working until 70 will be made easier, and there will be a new link between life expectancy and retirement age.
- A new 'solidarity levy' of 6%, to be paid on top of existing income tax rates up to 45%. For the two highest grades of officials, and Commissioners, the solidarity levy will be 7%. This will be introduced during the pay freeze, resulting in an immediate decrease in net salaries for most staff.
- The pension accrual rate for new staff will be cut from 1.9% to 1.8%/year. Early retirement without loss of acquired pension rights will be abolished.
- Lower end-of-career salaries (-22%) for a large number of administrators and assistants due to a stronger link between grade and responsibility, and a reduction in promotion rates. This will translate into lower pensions, too.

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• Salaries of new secretarial and clerical staff will be cut by -13% (starting salary) to -40% (end-of-career salary).

• A new and simplified method for adjusting salaries and pensions based on the political decisions taken by 11 Member States for their national civil servants, but also catering for situations of deep economic and financial crisis. This new method will be suspended until 2015.

• A reduction in the maximum number of leave days granted to staff for their annual trip to their home countries from six days to two and a half, with the allowance reduced.

• The possibility for more extensive use of cheaper contract staff, by extending the maximum duration of contracts from three years to six.

Background

The agreement will now be submitted to the European Parliament, Council and Commission for a final decision. It builds on a major austerity and reform package in 2004 that is already delivering savings worth €8 billion by 2020.

In recent years, the Commission has followed a policy of zero growth in posts, met new political priorities through internal redeployment of staff, and put in place tools and procedures to improve its internal organisation and efficiency. Administrative expenditure was frozen in real terms in 2012 and 2013. And the Commission proposed to continue freezing it in real terms at the 2013 level throughout the Multiannual Financial Framework for 2014-2020.

Administrative expenditure represents roughly 4.5% of the EU's budget, which itself represents around 1% of EU GDP.

Contacts :
Antonio Gravili (+32 2 295 43 17)
Marilyn Carruthers (+32 2 299 94 51)