

COMMISSION OF THE EUROPEAN COMMUNITIES

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1979 COMMISSION REPORT FOR THE ANNUAL REVIEW OF THE REMUNERATIONS OF
OFFICIALS AND OTHER SERVANTS

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Article 65 of the Staff Regulations requires the Council to undertake an annual review of the remunerations of officials and other servants of the Communities on the basis of a report from the Commission.

On 29 June 1976 the Council adopted the calculation method to be followed for this purpose (R/1582/76 (STAT 49 - FIN 414)).

This method uses only one indicator, the specific indicator that measures changes in the purchasing power of civil servants in the nine Member States. However, in addition to this indicator there are a number of items of information and macroeconomic indicators which help the Statistical Office of the European Communities to decide whether the specific indicator is sufficiently representative.

The Statistical Office has a special role to play, as it is responsible for the statistical analysis of information provided by the Member States and for recommending the Commission to accept it in full or in part only.

I. Cost-of-living trends

Part A of the SOEC report records trends in the cost-of-living indexes at the various places of employment from 1 July 1978 to 1 July 1979.

Taking 1 July 1978 as 100, the situation in the various countries one year later was as follows (column 1):

	Cost of living on 1 July 1979 (1 July 1978 = 100)	Cost of living on 31 December (1 July 1978 = 100)	Increase given for the period 1 July 1978 to 31 December 1978	Remainder to be given with effect from 1 January 1979 for the period 1 July 1978 to 31 December 1978	Remainder to be given with effect from 1 July 1979 for the period 1 January 1979 to 1 July 1979
	(1)	(2)	(3)	(4)	(5)
Belgium	105.0	102.7	102.1	100.6	102.2
Denmark	109.7 ¹	104.0	103.4	100.6	105.5
Germany	103.8	100.6	100.0	100.6	103.2
France	109.2	104.5	103.9	100.6	104.5
Ireland	112.4 ^{1,2}	104.6 ³	104.0	100.6	107.5
Italy	113.0	107.1	106.5	100.6	105.5
Luxembourg	105.0	102.7	102.1	100.6	102.2
Netherlands	104.7	102.6	102.0	100.6	102.0
United Kingdom	110.5	103.6	103.0	100.6	106.7
Canada	108.9 ¹	103.5	102.9	100.6	105.2
Japan	103.7 ¹	100.7	100.1	100.6	103.0
Switzerland	104.1 ¹	100.0	100.0	-	104.1
USA	110.9 ¹	103.8	103.2	100.6	106.8
Greece	116.7 ¹	104.4	103.8	100.6	111.8
Turkey	180.8	126.1	125.5	100.6	143.4
Spain	115.5 ¹	107.7	107.1	100.6	107.2
Portugal	124.2 ¹	112.5	111.9	100.6	110.4
Venezuela	110.4 ¹	104.7	104.1	100.6	105.4

¹National index.

²May 1978 - May 1979.

³May 1978 - November 1978.

A partial increase for cost-of-living in the second half of 1978 was given by the Council on 9 August 1979, effective 1 January (column 2).

This was subject to a deduction of 0.6% corresponding to the increase in the cost-of-living for the Member State where such increase was lowest.

It is proposed that the weightings adopted provisionally on 9 August should be made definitive and realigned, with effect from 1 January 1979, on the real increase in the cost-of-living during the second half of 1978.

The increase to be given for cost-of-living in the first half of 1979 is shown in column 5.

II. Purchasing power trends from 1 July 1978 to 1 July 1979

(a) Specific indicator

The SOEC has worked out the trend in civil service remunerations on the basis of information provided by the Member States.

The statistics are to be found in Part B of the SOEC report.

It will be seen that trends in real terms for each category over the reference period were as follows:

	<u>NET</u>	<u>GROSS</u>
Category A	4.4	4.8
Category B	3.6	3.9
Category C	3.2	3.6
Category D	2.9	3.2
	<hr/>	<hr/>
General average	3.5	3.8

Figures for the different countries and categories are given in the table on page 9 of this report.

(b) Per capita emoluments and other economic and social indicators

Part C of the SOEC report sets out broad salary trends in the Community over the reference period and compares:

the movement in real terms of gross domestic product per person employed (2.5%)

with the change in real terms of aggregate per capita incomes (1.9%) and of gross per capita emoluments in general government (1.9%) and in central government (1.1%).

Country-by-country comparison of the gross and net real specific indicator and the other indicators referred to above comes out as follows:

Member State	Net real specific indicator	Gross real specific indicator	GDP per person employed	Gross per capita incomes	Gross per capita emoluments general government	Gross per capita emoluments central government
Belgium	99.9	100.3	102.8	102.8	103.6	103.9
Germany	100.6	99.3	103.2	101.6	100.1	100.1
France	100.0	100.1	102.4	101.9	102.8	102.8
Italy	114.4	120.0	104.1	102.7	105.5	104.1
Luxembourg	102.3	103.7	101.9	100.7	103.3	102.7
Netherlands	99.7	100.0	102.4	102.0	100.8	103.5
United Kingdom	100.9	97.4	99.5	102.3	102.3	95.3
Denmark	97.4	98.4	101.0	98.3	97.7	97.8
Ireland	106.3	110.0	100.7	101.9	107.2	107.1
Member States (9)	103.5	103.8	102.5	101.9	101.9	101.1

III. Proposed rate of increase for increase in purchasing power

On the basis of the figures indicated at II above and detailed in Parts B and C of the SOEC report, the Commission is proposing a net linear increase of 3.5% for all staff, although the practice in Member States has been to grant non-linear increases particularly favourable to the higher grades.

IV. Weightings

Incorporation of the cost-of-living increase recorded in Brussels from 1 July 1978 to 1 July 1979 plus a linear 3.5% would bring the weightings from Brussels/Luxembourg back to 100. Weightings for the other places of employment would be adjusted accordingly.

In addition, 11 new weightings will be proposed for the remunerations of officials and other servants employed in the Maghreb and Mashreq countries, Israel, Austria, Thailand and Chile.

The Statistical Office is currently checking the weightings fixed by the Council for the United Kingdom and Ireland by means of the method used in 1978 to work out the Italian weighting. The results of the check and any corrections which prove necessary will be incorporated into the draft Regulation to be sent to the Council.

The proposed Council Regulation will thus include three sets of weightings. First, the weightings based on the IMF par values for 1 January 1965 adjusted to include the 0.6% provisionally deducted for the second half of 1978. Second, the same weightings but based this time on exchange rates in force on 1 July 1978; these would apply with effect from 1 April 1979. Third, the weightings applicable from 1 July 1979, adjusted in line with the increase in the cost of living during the first half of 1979 and with the exchange rate used to convert the Belgian franc into the currency of the country of employment.

V. Flat-rate allowances

- (a) In Article 67(1)(a) of the Staff Regulations and Article 1(1) of Annex VII, "Bfrs 2 869" is replaced by "Bfrs 3 119".
- (b) In Article 67(1)(b) and in Article 2(1) of Annex VII, "Bfrs 3 696" is replaced by "Bfrs 4 018".
- (c) In the second sentence of Article 69 and in the last paragraph of Article 4 of Annex VII "Bfrs 6 603" is replaced by "Bfrs 7 177".
- (d) In the first paragraph of Article 3 of Annex VII, "Bfrs 3 302" is replaced by "Bfrs 3 589":

the intermediate rate of "Bfrs 1 189" is replaced by "Bfrs 1 292";

the intermediate rate of "Bfrs 1 651" is replaced by "Bfrs 1 795".

- (e) The fixed allowance provided for in Article 4a of Annex VII is:
Bfrs 1 872 per month for officials in Grades C4 and C5;
Bfrs 2 870 per month for officials in Grades C1, C2 and C3.

VI. Budgetary implications

Provision was made by the budgetary authority (under the heading of remuneration and pensions for staff and other servants in the 1979 Budget) for salary and pension adjustments approved by the Council in the course of the year. There will therefore be no need to increase budgetary appropriations.

Trend of real civil service salaries in the Member States
for Categories A, B, C and D
End June 1978 to end June 1979

Countries	Weighting in %	Categories												Total ¹
		A		B		C		D		Gross	Net	Gross	Net	
		Gross	Net	Gross	Net	Gross	Net	Gross	Net					
Germany	23.6	99.3	100.9	99.2	100.7	99.2	100.1	99.3	99.8	99.3	99.8	99.3	100.6	
France	20.5	99.2	99.1	100.1	100.0	100.8	100.7	102.4	102.2	100.1	102.2	100.1	100.0	
Italy	21.9	124.9	117.9	121.1	115.5	118.4	113.4	113.5	109.4	120.0	109.4	120.0	114.4	
Netherlands	5.4	98.9	98.9	99.9	99.7	100.5	100.1	-	-	100.0	-	100.0	99.7	
Belgium	3.8	99.7	99.0	100.1	99.7	100.5	100.3	101.1	100.7	100.3	100.7	100.3	99.9	
Luxembourg	0.1	103.7	101.4	103.7	102.3	103.8	103.0	103.9	103.5	103.7	103.5	103.7	102.3	
United Kingdom	21.5	98.7	102.9	97.1	100.6	97.4	100.4	97.9	100.6	97.4	100.6	97.4	100.9	
Ireland	1.2	107.2	100.7	107.6	102.5	109.0	106.2	114.2	110.6	110.0	110.6	110.0	105.3	
Denmark	2.0	97.0	96.3	98.6	97.4	99.6	97.9	99.4	98.4	98.4	98.4	98.4	97.4	
COMMUNITY	100.0	104.8	104.4	103.9	103.6	103.6	103.2	103.2	102.9	103.8	102.9	103.8	103.5	

¹Weighting: Civil service staff numbers.