

COMMISSION OF THE EUROPEAN COMMUNITIES

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1977 COMMISSION REPORT FOR THE ANNUAL REVIEW
OF THE REMUNERATIONS OF THE OFFICIALS AND OTHER SERVANTS

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OF OFFICIALS AND OTHER SERVANTS

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)).

The difference between this method and its predecessor is that there is now only one indicator, the specific indicator that measures changes in the purchasing power of civil servants in the nine Member States. But in addition to this indicator there are a number of items of information and macroeconomic indicators enabling the Statistical Office of the European Communities, in preparing the figures, and the Commission, in preparing its proposal, to decide whether the specific indicator is sufficiently representative of civil service purchasing power trends.

It is also worth underlining the special role entrusted to the Statistical Office by the new method, for the Office is responsible for the statistical analysis of information provided by the Member States and for recommending the Commission to accept them in full or in part only.

I. Cost-of-living trends

The SOEC report (attached, Part A) records trends in the indexes at the various places of employment from 1 July 1976 to 30 June 1977.

Taking 1 July 1976 as 100, the situation in the various countries one year later was as follows (column 1 of the table below):

	Cost of living on 1.7.1977 (1.7.1976 = 100)	Increase given by the Council for the period 1.7.76 - 31.12.76	Remainder to be given for cost of living for the period from 1.1.77 to 30.6.77
	(1)	(2)	(3)
Belgium	108.5 ¹	104.5 ¹	103.8 ¹
Denmark	111.1 ¹	105.9 ¹	104.9 ¹
FR Germany	104.1	101.3	102.8 ¹
France	111.6 ¹	105.1 ¹	106.1 ¹
Ireland	114.0 ¹	105.8 ¹	107.8 ¹
Italy	117.7	110.1 ¹	106.9
Netherlands	107.1	103.2 ¹	103.8
United Kingdom	117.4	107.0	109.7
Switzerland	102.8 ¹		102.8 ¹
United States	106.9 ¹	102.5 ¹	104.2 ¹
Japan	108.5 ¹	104.1 ¹	104.2 ¹
Canada	107.8 ¹	102.7 ¹	105.0 ¹
Greece	111.7 ¹	105.3 ¹	106.1 ¹
Turkey	126.7	111.0	114.1

¹National cost-of-living indexes.

An initial increase for the cost of living in the second half of 1976 was given by the Council on 21 June 1977, effective 1 January (column 2).

The remainder to be given for the cost of living for the first half of 1977 is shown in column 3.

II. Purchasing-power trends from 1 July 1976 to 30 June 1977

(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 at Part B of the attached 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	- 3.2	- 4.5
Category B	- 2.7	- 3.2
Category C	- 1.6	- 2.2
Category D	- 0.8	- 1.3
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General average	- 2.2	- 2.9

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

Part C of the attached 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 (+2.4%) with the change in real terms of aggregate per capita incomes (+ 1.4%) and of gross per capita emoluments in general government (+ 1.0%) and in central government (+ 1.4%).

The changeover from the general government earnings indicator to central government earnings was made at the express request of the Council, which incorporated it in its method.

The figures are accompanied by a commentary from the SOEC. The gaps between gross per capita emoluments and the gross specific indicator at first sight seem somewhat implausible in all the Member States, but especially in France and the United Kingdom.

The SOEC is continuing to check the figures, and the Commission may well make a supplementary report in the light of its findings.

Country-by-country comparison of the (gross real) specific indicator and (gross real) per capita emoluments comes out as follows:

	<u>Specific indicator</u>	<u>Central government per capita emoluments</u>
	<u>gross real</u>	<u>gross real</u>
Belgium	- 1.1	+ 1.3
FR Germany	+ 0.6	+ 1.9
France	- 2.4	+ 2.9
Italy	+ 0.3	+ 4.2
Luxembourg	+ 2.3	+ 3.6
Netherlands	- 2.1	- 0.1
United Kingdom	-11	- 5.1
Denmark	- 5.2	- 2.5
Ireland	- 2.5	- 0
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Community	- 2.9	+ 1.4

III. Proposed rate of increase

Taking the figures outlined at II above and explained in Parts B and C of the SOEC report, the Commission proposes an average 2.2% cut in the purchasing power of its officials.

The balance of the increase to be given for the cost of living in the second half of 1977 would thus be reduced on average to 1.516%.

In line with the pay policies operated during the relevant period by the Member States and with the method adopted by the Council on 29 June 1976, it is proposed that a non-linear rise be given for the cost-of-living increase recorded in Brussels and Luxembourg from 1 January to 30 June, giving all officials an increase of Bfrs 915.

IV. Method of adjustment and weightings

In accordance with point 6 of the method, amended as in the Annex to this paper, it is proposed that the net increase referred to at III above and the weightings for Brussels and Luxembourg be incorporated in the scale of basic salaries, weightings for other places of employment being adjusted accordingly.

The weightings applicable to remunerations and pensions would then be:

Belgium	100
Denmark	125.5
F.R. Germany	79.2
France	123.7
Ireland	134.1
Italy	130.2
Luxembourg	100
Netherlands	92.7
United Kingdom	136.5
Switzerland	78.0
Japan	145.4
United States	127.0
Canada	126.3
Greece	150.7
Turkey	231.1

As regards the new weightings which the Council is to fix for Greece and Turkey, the former is based on an SOEC survey of prices in Brussels and Athens in May this year and the latter on studies carried out by the OECD in March to establish purchasing power comparisons between Belgium and Turkey.

V. Flat rate allowances

- (a) In Article 67(1)(a) of the Staff Regulations and Article 1(1) of Annex VII, "Bfrs 2 100" is replaced by "Bfrs 2 228".
- (b) In Article 67(1)(b) and in Article 2(f) of Annex VII, "Bfrs 3 263" is replaced by "Bfrs 3 462".
- (c) In the second sentence of Article 69 and in the last paragraph of Article 4 of Annex VII, "Bfrs 5 831" is replaced by "Bfrs 6 186".
- (d) In the first paragraph of Article 3 of Annex VII, "Bfrs 2 916" is replaced by "Bfrs 3 093";

the intermediate rate of Bfrs 1 050 is replaced by Bfrs 1 113;

the intermediate rate of Bfrs 1 458 is replaced by Bfrs 1 547.

- (e) The temporary fixed allowance provided for in Article 4a of Annex VII is:

Bfrs 1 614 per month for officials in Grades C4 and C5;

Bfrs 2 474 per month for officials in Grades C1, C2 and C3.

- (f) The value of a point for calculating the allowance for arduous working conditions is .

VI. Budgetary implications

Since the budgetary implications are within the annual forecasts and funds are available in Chapter 91, all that is needed is a transfer.

Item II.6(b) and (c) to be replaced by the following:

"(b) The Council shall determine remuneration adjustments in net terms. Such adjustments may be expressed as an identical, across-the-board percentage or in a non-proportional manner. In the latter case the adjustment may be expressed as:

- a percentage; and/or
- a specific amount.

(c) The net rate of adjustment thus fixed and the weightings applicable to officials in Belgium and Luxembourg shall be incorporated, in accordance with the following method, in the salary scales given in Article 66 of the Staff Regulations and in Articles 20 and 63 of the Conditions of Employment of Other Servants:

on weighting 100,
the net remuneration/attaching to each step of each grade of official and to each class in every group of other servants shall be increased by the above weighting and by the net rate of adjustment determined in accordance with (b) above, whether it is given as a percentage or as a specific amount;

the new scale of basic salaries in gross terms shall be drawn up by calculating for each step or class the gross amount which, after deduction of tax (having regard to (d) below) and compulsory contributions, gives the new net amount referred to above;

this conversion of net amounts into gross amounts shall be based on the situation of an unmarried official who does not receive the various allowances;

the weighting for Belgium and Luxembourg shall be fixed at 100%;
the weightings for other countries of employment shall be adjusted on the basis of the ratio between the cost-of-living index numbers in these countries and the cost-of-living index number in Brussels.

(d) For the purpose of applying Regulation (EEC, Euratom, ECSC) No 260/68 concerning Community tax to remunerations paid in accordance with the scale of basic salaries worked out in accordance with the first indent, the amounts in Article 4 of the Regulation shall be multiplied by a factor composed of:

the weighting applicable before incorporation to the remunerations of officials in Belgium and Luxembourg;

the net adjustment in remunerations referred to at (b) above; and/or, if the adjustment is made in the form of a specific amount, the equivalent average percentage.

Each time the scale of basic salaries is adjusted, the new multiplier shall be obtained by multiplying the former multiplier by the figures for the new reference period."

The old paragraph (d) is renumbered (e).

Les annexes seront diffusées séparément sous le N° de référence
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