



European Communities

EUROPEAN PARLIAMENT

# SESSION DOCUMENTS

20 March 1991 English Edition

A3-0059/91



## R E P O R T

of the Committee on Legal Affairs and Citizens' Rights

on the Commission proposal for a Council regulation amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities in respect of detailed rules for adjusting the remuneration

(SEC(90) 1836 final - C3-0375/90)

and

on the Commission proposal for a Council regulation amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities with respect to the payment of remuneration, pensions and other allowances in ecus

(SEC(90) 1836 final - C3-0376/90)

Rapporteur: Mrs Marie-Claude VAYSSADE

DOC\_EN\RR\106458

PE 146.098/fin.  
Or.FR

A Series: Reports - B Series: Motions for Resolutions, Oral Questions - C Series: Documents received from other Institutions (e.g. Consultations)

\* = Consultation procedure requiring a single reading

\*\*II = Cooperation procedure (second reading) which requires the votes of a majority of the current Members of Parliament for rejection or amendment

\*\*I = Cooperation procedure (first reading)

\*\*\* = Parliamentary assent which requires the votes of a majority of the current Members of Parliament

**C O N T E N T S**

	<u>Page</u>
Procedural page . . . . .	3
Amendments to the Commission proposal for a Council regulation amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities in respect of detailed rules for adjusting the remuneration . . . . .	4
DRAFT LEGISLATIVE RESOLUTION . . . . .	6
A. Amendments to the Commission proposal for a Council regulation amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities with respect to the payment of remuneration, pensions and other allowances in ecus . . . . .	7
DRAFT LEGISLATIVE RESOLUTION . . . . .	10
B. Joint EXPLANATORY STATEMENT on the two proposals for regulations . . . . .	11
Opinion of the Committee on Budgets . . . . .	14

By letter of 8 November 1990, the Council consulted the European Parliament, pursuant to Article 24(1) of the Treaty establishing a single Council and a single Commission of the European Communities on the Commission proposals for a Council regulation amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities in respect of detailed rules for adjusting the remuneration (hereinafter referred to as the 'adjusting' regulation) and a Council regulation amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities with respect to the payment of remuneration, pensions and other allowances in ecus (hereinafter referred to as the 'payment in ecus' regulation).

At the sitting of 19 November 1990, the President of Parliament announced that he had referred these proposals to the Committee on Legal Affairs and Citizens' Rights as the committee responsible and to the Committee on Budgets for its opinion.

At its meeting of 29 November 1990, the Committee on Legal Affairs and Citizens' Rights appointed Mrs Marie-Claude VAYSSADE rapporteur.

At its meetings of 6/7/8 February 1991, 26/27 February 1991 and 18-20 March 1991 it considered the Commission proposals and the draft report.

At the latter meeting, it adopted the draft legislative resolution on the 'adjusting' regulation unanimously and the single draft legislative resolution on the 'payment in ecus' regulation by 10 votes to three with one abstention.

The following took part in the vote: Stauffenberg, chairman; Vayssade, vice-chairman and rapporteur; Alber, Bandres Molet, Garcia Amigo, Grund, Hoon, Inglewood, Malangre, Medina Ortega, Reding (for Anastassopoulos), Salema, Simpson and Van Ouirive.

The opinion of the Committee on Budgets is attached.

The report was tabled on 20 March 1991.

The deadline for tabling amendments will appear on the draft agenda for the part-session at which the report is to be considered.

A

Commission proposal for a Council regulation amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities in respect of detailed rules for adjusting the remuneration

Commission text

Amendment

(Amendment No. 1)  
Article 1, paragraph 3(a) (new)

4. Article 66a of the Staff Regulations is deleted.

(Amendment No. 2)  
**ANNEX**  
Annex XI, Article 2 (Staff Regulations)

If recruitment needs so require, the Commission shall present appropriate proposals to the Council.

Since certain Institutions have for some time been experiencing difficulty in recruiting high-calibre staff, in view of the low number of applicants from certain Member States or with specific professional qualifications or experience, the Commission shall draw up before the end of the 1991 and thereafter every three years, a detailed report and forward it to the Council and Parliament. On the basis of this report, the Commission shall present appropriate proposals to the Council.

(Amendment No. 3)

ANNEX

Annex XI, Article 10 (Staff Regulations)

If there is a serious and sudden deterioration in the economic and social situation within the Community, assessed in the light of objective data supplied for this purpose by the Commission, the Commission shall present appropriate proposals on which the Council, after consulting the European Parliament, will act by a qualified majority in accordance with the second paragraph of Article 64 of the Staff Regulations.

If there is a serious and sudden deterioration in the economic and social situation within the Community, assessed in the light of objective data supplied for this purpose by the Commission, the Commission shall present appropriate proposals on which the Council, after consulting the European Parliament and seeking the opinion of the other Institutions concerned, will act by a qualified majority in accordance with the second paragraph of Article 64 of the Staff Regulations.

**DRAFT LEGISLATIVE RESOLUTION**

embodying the opinion of the European Parliament  
on the Commission proposal for a Council regulation  
amending the Staff Regulations of officials of the  
European Communities and the conditions of employment  
of other servants of those Communities in respect of  
detailed rules for adjusting the remuneration

The European Parliament,

- having regard to the Commission proposal to the Council (SEC(90) 1836 final),
  - having been consulted by the Council pursuant to Article 24(1) of the Treaty establishing a single Council and a single Commission of the European Communities (C3-0375/90),
  - having regard to the report of the Committee on Legal Affairs and Citizens' Rights and the opinion of the Committee on Budgets (A3-0059/91),
1. Approves the Commission proposal in accordance with the vote thereon;
  2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  3. Calls for the conciliation procedure to be opened if the Council should intend to depart from the text approved by Parliament;
  4. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
  5. Instructs its President to forward this opinion to the Council and Commission.

A

Commission proposal for a Council regulation amending  
the Staff Regulations of officials and the  
Conditions of employment of other servants  
of the European Communities with respect to the  
payment of remuneration, pensions and other allowances in ecus

Commission text

Amendments

(Amendment No. 1)

ARTICLE 4

Article 65(a)(1) (Staff Regulations)

1. A currency weighting shall be applied to remuneration paid in ecus. The currency weighting shall also be applied to the amounts provided for in Articles 5, 6 and 10 of Annex VII paid in ecus.

1. A currency weighting shall be applied to remuneration paid in ecus. The currency weighting shall also be applied to the amounts provided for in Articles 5, 6 and 13 of Annex VII paid in ecus.

(Amendment No. 2)

ARTICLE 6

Article 67(4) (Staff Regulations)

4. Where by virtue of Articles 1, 2 and 3 of Annex VII, such family allowances are paid to a person other than the official, these allowances shall be paid in the currency of the country in which that person is resident. They shall be subject to the weighting for the country in question and shall be paid in the manner provided for in the second paragraph of Article 63. If no such weighting exists, a weighting of 100 shall be used, and the allowances shall be paid at the monthly exchange rate in force at the time of payment.

Delete

Paragraphs 2 and 3 shall apply where family allowances are paid to such a person.

(Amendment No. 3)

ARTICLE 8

Article 74(1), first subparagraph (Staff Regulations)

1. On the birth of a child to an official, the person who has actual care of the child shall receive a grant of ECU (184.66). If this person is not the official, the grant shall be paid in the currency of the country of residence of that person, at the monthly exchange rate in force at the time of payment.

1. On the birth of a child to an official, the person who has actual care of the child shall receive a grant of ECU (184.66). If this person is not the official, the grant shall be paid in the currency of the country of residence of that person.

(Amendment No. 4)

ARTICLE 20

Add the following phrase to the end of Article 17(2)(b) of Annex VII (Staff Regulations)

However, where these are paid to a country for which no weighting has been fixed, the allowances shall be paid at the monthly exchange rate in force at the time of payment instead of the exchange rates provided for in the second subparagraph of Article 63 of the Staff Regulations.



(Amendment No. 5)  
Article 42(1)

1. As a transitional measure and notwithstanding Article 45(3) of Annex VIII to the Staff Regulations, beneficiaries may elect to have the benefits under the pensions scheme paid in the currency of their country of origin, or of their country of residence or of the country where the institution to which the official belonged has its seat; their choice shall remain operative for at least two years. These benefits shall be calculated in the manner provided for in the second paragraph of Article 63 of the Staff Regulations.

1. As a transitional measure, and notwithstanding Article 45(3) of Annex VIII to the Staff Regulations and the payment procedures set out in Article 63 of the Staff Regulations made applicable in accordance with Article 1 of this Regulation to recipients of one of the allowances provided for in Articles 42 and 50 of the Staff Regulations and pursuant to Articles 32, 33, 36, 37, 38 and 39 of these Regulations to recipients of one of the allowances set up by the regulations contained therein, the procedures for the payment of the various pensions and allowances which have applied up to the adoption of this regulation shall continue to apply.

(Amendment N. 6)  
Article 42(a) (new)

Within a period of fifteen months from the date of entry into force of this Regulation, the Commission shall submit to the other institutions and the Staff Regulations Committee a report on the state of implementation of the latter within the first twelve months of implementation; this report may contain proposals for adjustments.

(Amendment No. 7)  
Article 43, second subparagraph

It shall apply from ...

It shall apply from 1 July 1991.

DRAFT LEGISLATIVE RESOLUTION

embodying the opinion of the European Parliament  
on the Commission proposal for a Council regulation amending  
the Staff Regulations of officials and the conditions  
of employment of other servants of the European Communities  
with respect to the payment of remuneration, pensions and  
other allowances in ecus

The European Parliament,

- having regard to the Commission proposal to the Council (SEC(90) 1836 final),
  - having been consulted by the Council pursuant Article 24(1) of the Treaty establishing a single Council and a single Commission of the European Communities (C3-0376/90),
  - having regard to the report of the Committee on Legal Affairs and Citizens' Rights and the opinion of the Committee on Budgets (A3-0059/91),
1. Approves the Commission proposal in accordance with the vote thereon;
  2. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
  3. Calls for the conciliation procedure to be opened if the Council should intend to depart from the text approved by Parliament;
  4. Asks to be consulted again should the Council intend to make substantial modifications to the Commission proposal;
  5. Instructs its President to forward this opinion to the Council and the Commission.

## EXPLANATORY STATEMENT

### Introduction

1. Parliament has been asked for its opinion on two proposals for regulations based on Article 24(1) of the EEC Treaty:

- a proposal for a regulation amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities in respect of detailed rules for adjusting the remuneration (which will be referred to hereinafter as the regulation on salary adjustment'); and
- a proposal for a regulation amending the Staff Regulations of officials and the conditions of employment of other servants of the European Communities with respect to the payment of remuneration, pensions and other allowances in ecus (hereinafter referred to as the 'payment in ecus' regulation).

### The 'adjusting' regulation

2. This proposal may be approved; the regulation serves to enshrine in the Staff Regulations and the Conditions of employment of other servants the method of adjusting salaries used since 1981; this method, which the Council has followed when conducting its annual review of the level of remunerations in accordance with Article 65 of the Staff Regulations, has operated to the satisfaction of both sides. The Committee on Legal Affairs and Citizens' Rights adopted the amendments tabled by the Committee on Budgets. Amendment No. 1 seeks to delete Article 66(a) of the Staff Regulations which provided for a crisis levy between 1 July 1981 and 30 June 1991; in Amendment No. 2 Parliament requests the Commission to report on the recruitment problems facing the institutions; in Amendment No. 3 parliament seeks to involve the minor institutions in the procedure for the adoption of measures to be taken 'if there is a serious and sudden deterioration in the economic and social situation within the Community.'

### The 'payment in ecus' regulation

3. This proposal was drawn up to demonstrate the Community institutions' political will to promote the use of the ecu at a time when the intergovernmental conference on economic and monetary union is due to open. We can only applaud this objective, and moreover the staff associations have endorsed the project. The practical implications of its introduction must, however, be analysed.

4. It would have been possible to decide to make the payments in ecus while allowing the money market to operate freely. Each official would therefore have risked incurring losses or gains depending on fluctuations in the exchange rate of ecus into the currency of his or her country of employment.

The unions could not accept the prospect of employees' remuneration fluctuating from month to month, possibly involving speculative movements. The system proposed therefore incorporates a regulatory mechanism based on currency weighting.

Here is a practical illustration of the process envisaged by the Commission in its proposal for the payment of salaries in ecus to officials employed in Brussels or Luxembourg (i.e. the simplest case):

- following the annual salary adjustment, the parameters of which are expressed in Belgian francs, the Council determined a monthly salary of FB 100 000 as from 1 July 1991 for an official in B5/4 grade, converted into approximately 2 200 ECU at the exchange rate of FB 42.5 to 1 ECU obtaining on 1 July 1991 (hereinafter referred to as the base rate, in accordance with Article 63 of the Staff Regulations); the sum of 2 200 ECU is entered, therefore, on the salary scale;
- when salaries are calculated, on or around 23 August 1991, with a view to their payment on 15 September 1991, the rate used for calculation is FB 42 to 1 ECU (the rate used for calculation, referred to in Article 4 of the proposal, being that obtaining on 22 August 1991);
- on 15 September the official receives a salary of 2 200 ECU, as entered on the salary scale, which, if the rate used for the calculation were applied, would be worth only FB 99 000; hence the Commission proposes applying the currency weighting and making an additional payment expressed in ecus to bring the salary up to the equivalent of FB 100 000. This currency weighting should be entered under a special 'exchange rate losses/gains' budget heading;
- let us suppose, on the other hand, that the rate used for calculation in force on 22 August 1991 were FB 43 to 1 ECU; the salary of 2 200 ECU payable would then, in accordance with the rate used for calculation, amount to FB 101 000; whereupon the authorities, applying the appropriate currency weighting, would deduct the equivalent of FB 1 000 from the salary payment;
- nevertheless, in each case, within five working days from the fifteenth of each month, where the remuneration is paid through a bank with which the institution holds an account, an official shall be entitled 'to have credited to his account, at the institution's expense and with the same value date as the remuneration, the equivalent in the currency of the place of employment' (in other words, in Belgian francs) 'of all or part of his remuneration in ecus at the rate used for calculation provided for in Article 65a of the Staff Regulations' (Article 19 of the 'payment in ecus' regulation).

##### 5. The implementation of Article 19 raises various problems

Its smooth implementation requires very considerable cooperation on the part of the banks with regard to the level of charges made for converting ecus, and developing the use of ecus for ordinary payments and introducing cheque books or credit cards expressed in ecus.

The institutions should hold accounts in all banks where officials and other servants have their own accounts. There should be no question of infringing Community employees' freedom of choice in this field.

At the request of the Court of Auditors, the European Parliament has rationalized its bank accounts with a view to limiting the institutions' bank holdings and ensuring that the Accounts Department constantly updates the situation of its bank accounts. The obligation to open accounts in all banks where officials hold their accounts runs counter to the principle of sound financial management. Parliament may be obliged to open some 40 new accounts. Moreover, the paying authorities will be obliged to hold two sets of accounts, one in ecus and one in Belgian francs.

6. Under these circumstances the Committee on Legal Affairs and Citizens' Rights insists on the adoption of Amendment No. 6 which provides that the Commission shall draw up a report on the state of implementation of this regulation within the first twelve months of implementation.

#### The other amendments

7. Amendment No. 1 is a purely technical amendment seeking the application of the currency weighting to mission expenses.

Amendment No. 2 seeks to delete Article 6 of the Commission's proposal which refers to a monthly exchange rate although no definition of such a rate exists. As it stands, Article 67(4) of the Staff Regulations provides satisfactory arrangements regarding the payment of family allowances to a person who does not reside with an official but who has actual care of his children.

Amendment No. 3 is related to Amendment No. 4. The joint effect of these amendments is to ensure that when family allowances are paid to an entitled person (other than the official) residing in a country for which no corrective weighting exists, the latter may not be calculated on the basis of the rates fixed in the second subparagraph of Article 63 but on the basis of the actual rates in the month of payment.

Amendment No. 5 fills a gap in the Commission's text by allowing all former officials who are recipients of financial allowances other than persons to benefit from the special arrangements provided for in Article 42.

Amendment No. 7 provides the regulation to enter into force on 1 July 1991.

O P I N I O N

(Rule 120 of the Rules of Procedure)

of the Committee on Budgets  
for the Committee on Legal Affairs and Citizens' Rights

Draftsman: Mrs Diemut THEATO

At its meeting of 4 December 1990 the Committee on Budgets appointed Mrs Theato draftsman.

At its meeting of 28 February 1991 it considered the draft opinion.

At the latter/last meeting it adopted the conclusions as a whole unanimously.

The following were present for the vote: Von der Vring, chairman; Cornelissen, second vice-chairman; Theato, draftsman; Arias Cañete, Blot, Böge, Colom I Naval, Desama, Elles, Habsburg (for Langes), Holzfuss, Goedmakers, Kellett-Bowman, Lo Giudice, Marques Mendes, Papoutsis, Pasty, Tomlinson and Zavvos.

1. This Commission document comprises two proposals amending the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the Communities and a proposal amending Regulation (EEC, Euratom ECSC) No. 260/68 laying down the conditions and procedure for applying the tax for the benefit of the European Communities. Quite simply, the fact that Regulation No. 260/68 is to be amended follows from the proposal amending the Staff Regulations with respect to the payment of remuneration, pensions and other allowances in ecus. This opinion will cover the two substantive amendments proposed by the Commission to the Staff Regulations and to the Conditions of Employment of Other Servants of the Communities, since Parliament has been asked for its opinion on these proposals only.

I - PROPOSAL FOR A COUNCIL REGULATION ON THE NEW RULES FOR ADJUSTING REMUNERATION

2. The Community Institutions, in order to establish trust between employer and staff (which should be one of the key factors enabling them to operate efficiently and smoothly), have consistently sought to implement a pay policy offering maximum effectiveness and rooted in compliance with two basic principles: parallel development, and equivalence of purchasing power between the places of employment. This outlook led the Council to adopt Decision 81/1061/Euratom, ECSC, EEC, which, following on from the Council decisions of 20 March 1972 and 26 June 1976, laid down, for a ten-year period, the conditions governing adjustments to the remuneration of officials and other servants of the Communities. Since the ten-year period in which the 1981 method applies ends in June 1991, the Commission has submitted a proposal to lay down the new rules for adjusting the remuneration of officials and other servants of the Communities.

Before setting out the main provisions in the proposal to renew the method, the key arrangements for applying the 1981 method should be set out.

A) General principles behind the 1981 method

3. The 1981 method retained the principle of parallel development of national and Community officials' salaries, while making adequate allowance for the economic and social situation in the Community.

Under this method, Article 65 of the Staff Regulations, which lays down the rules for adjusting the remuneration of officials, is applied on the basis of the following factors:

- average change in the real income of national civil servants to reflect the principle of parallel development;
- cost-of-living trends in the places of employment to reflect the principle of purchasing-power equivalence;
- the economic and social situation;
- recruitment needs.

4. The economic and social situation is taken into account through the influence it may have on adjustments to national civil servants' salaries. A special clause was laid down to enable the Commission to submit appropriate proposals to the Council, based on objective data, in the event of a serious deterioration in the economic and social situation. The 1981 method also provided for periodic verification of weightings to ensure, pursuant to Article 64 of the Staff Regulations, that officials in the various places of employment enjoy purchasing-power equivalence.

In view of the specific economic and social difficulties in the 1980s, the supposed 'benefits' in terms of stability, under the 1981 method, were off-set by the Community Institutions' decision to introduce a special temporary levy, which has cut Community officials' purchasing-power, during the ten-year period in which the special levy has been applied, in relation to national civil servants' salaries.

The special levy, which was negotiated with several trade unions when the method was renewed in 1981, was formalized by an amendment to the Staff Regulations that inserted a new Article 66a.

Because of the levy, then, European Community officials' salaries have fallen in real terms by comparison with national civil servants' remuneration.

B) Rules for applying the new method

5. Since the rules for applying the 1981 method cease to apply at the end of June 1991, the Commission is proposing to extend the method in its entirety, introducing a number of changes in the light of experience. Accordingly, the Commission is proposing to amend the Staff Regulations to insert a new Article 65a setting out the rules for implementing Articles 64 and 65 which in turn set out the objectives to be realised with regard to salaries and salary adjustments.

The Commission takes the view that it is essential for Community officials' remuneration to continue to develop in parallel with national civil servants' salaries. In addition, remuneration must be maintained at an adequate level to take account of the need to recruit high-calibre staff. This is a fairly pressing need, given the recruitment difficulties that are being experienced by certain Institutions and that possibly, or so it would appear, the failure to attract applicants is not entirely unrelated to 'inadequate' salary levels. In this connection, the draftsman calls on the Commission to carry out as soon as possible an in-depth study revealing why, in certain cases, the recruitment of high-calibre staff poses difficulties. The study and, if necessary, a number of appropriate proposals should be forwarded to the Council and the European Parliament; if need be, such a study should be systematically carried out every three years.

6. Changes in the economic and social situation in the European Community, as set out in Article 65(1) of the Staff Regulations, constitute a further essential factor under the new method. It was indeed an assessment of the economic and social situation and the specific difficulties at the end of the 1970s, principally as a result of the oil crisis, that prompted the Council to introduce a specific measure in the form of the crisis levy.



As in the 1981 method, the Commission therefore proposes an 'exception clause' to allow suitable proposals to be submitted to the Council for a decision in the event of a sudden and serious deterioration in the economic and social situation.

This new 'crisis levy', which might be implemented in the next few years given current economic and social trends, would therefore replace the system which operated between 1981 and June 1991, a system which has significant implications for the Community budget.

#### C. Budgetary implications of the new method

7. The exceptional measures which the Commission could propose to take account of any worsening in the economic and social situation of the Communities in the salary levels of its officials and other staff include the provisions of Chapter V of the Annex to the regulation referred to above. The exception clause in Chapter V of the Annex amending the Staff Regulations would therefore allow a new crisis levy to be introduced, if necessary. Even before the Commission submitted its proposals for the new method, during the budgetary procedure for the financial year 1991 the issue of the crisis levy had led to the two arms of the budgetary authority adopting positions which were diametrically opposed.

In the preliminary draft general budget of the Communities for 1991, the Commission proposed a special levy as part of revenue for the first six months of the year (Article 402 of the nomenclature of the estimate of Community revenue).

In its draft budget, the Council then reinstated an amount corresponding to the proceeds from the special levy for a full year, stipulating in its explanatory memorandum that the amount entered 'has been calculated in accordance with the legislation at present in force, without prejudice to legislative provisions coming into effect from 1 July 1991.'

During its first reading of the budget, Parliament tabled an amendment seeking to enter appropriations for the special crisis levy only for the period from 1 January to 30 June 1991, in view of the fact that there had been no proposal for a decision to extend it. The Council rejected Parliament's arguments on the grounds that the matter concerned the general estimate of revenue, an area in which it was questionable whether Parliament had any power whatsoever to intervene. At second reading, i.e. during the December 1990 part-session, Parliament of course rejected the Council's view concerning its powers over revenue and maintained its amendment deleting the appropriations in respect of the crisis levy after 30 June 1991.

8. Without wanting to reopen here the debate sparked off by the Council's calling into question Parliament's powers over budget revenue, it must nonetheless be pointed out that on the question of procedure, even before the Commission submitted the proposal to amend the Staff Regulations, the Council had translated into budgetary terms the decision to extend the crisis levy, despite the fact that no proposal for legislation or proposal to amend the Staff Regulations to this effect had been submitted. The Council had therefore decided to reduce the remuneration of officials before the Institutions, and Parliament in particular, had given their views on the proposals for the new method.

Whatever happens, any new mechanism established in the future, on the basis of Commission proposals to deal with a sudden and serious deterioration in the economic and social situation, will be possible only by means of a regulation amending the Staff Regulations applicable to officials and other servants of the European Communities. Indeed, this was the procedure followed in 1981 with the introduction of the crisis levy and the insertion in the Staff Regulations of an Article 66a, which is tied to the ten-year period initially laid down for application of the crisis levy. As the latter will expire on 1 July 1991, there is no longer any reason to retain the provisions of Article 66a in the Staff Regulations and the rapporteur intends to table an amendment seeking to delete this article.

## II - PAYMENT OF SALARIES, PENSIONS AND OTHER ALLOWANCES IN ECU

### A. Current payment arrangements

9. At present the general rule governing the remuneration of officials and other servants of the European Communities is that remuneration is expressed in Belgian francs.

Payment is made in the currency of the country where officials carry out their duties.

Remuneration paid in a currency other than the Belgian franc is calculated on the basis of the exchange rates used for implementation of the general budget of the European Communities.

An official's remuneration expressed in Belgian francs is weighted at a rate above, below or equal to 100%, depending on living conditions in the various places of employment. The weighting applicable to the remuneration of officials employed at the provisional seats of the Communities is equal to 100%.

A change in the Staff Regulations is therefore required to allow remuneration to be paid in ECU.

However, the Commission takes the view that this major 'political' decision to express and pay remuneration in ECU must ensure neutrality in financial terms compared to the present system.

For the Commission, the amendment to the Staff Regulations must not give rise to any gain or loss compared to the existing system; in other words the amount received each month in ECU under the new system must provide the same purchasing power as the remuneration which would have been paid in the currency of the country of employment.

### B. The new system for the payment of remuneration

10. The Commission proposes a new system of remuneration expressed in ECU and paid in ECU.

The Commission's basic premise, or sine qua none for acceptance of the new system, is that no gain or loss should result for officials or other servants of the Communities.

It is essential to ensure absolute neutrality, irrespective of variations in the exchange rates of the ECU against the national currency, the main aim being to maintain the purchasing power of officials. Neither fluctuations in the ECU/national currency exchange rates nor any charges arising from conversion operations must be allowed to reduce the purchasing power of Community staff.

Statistically, for the fluctuations in ECU/national currency exchange rates show that the frequency with which remuneration is currently adjusted by the Council (annual adjustment and/or interim adjustment) is inadequate to ensure that the monthly purchasing power of staff remains the same as under the old system.

11. This problem has to be overcome by a regulatory mechanism to offset currency fluctuations which:

- takes fully into account the effect of currency fluctuations,
- is applied with the same frequency as the payment of remuneration, i.e. monthly.

In technical terms, the system involves applying a currency weighting to the amounts of remuneration paid to offset exchange rate fluctuations between the date of fixing the salary scales and the date of calculation of remuneration.

The system introduces the concept of a 'corrected' ECU, adjusted on the basis of currency fluctuations to ensure that the remuneration paid each month is the same as under the old method. In the rapporteur's view, given that the final objective is to pay staff in ECU the same amount as they would have received in Belgian francs, this extremely unwieldy and complex mechanism is an adjustment of the present system to allow remuneration to be paid in an adjusted and 'corrected' ECU and not the implementation of a major political decision with all its implications.

This is borne out by the fact that the consequences of the conversion operations, i.e. the associated bank charges, will not be borne by the staff but by someone else. It remains to be seen whether this will be the bank or the Institution.

There are even special procedures to maintain purchasing power for payments made retrospectively.

12. A major flaw in the numerous correction mechanisms is the complexity of the auxiliary system required to provide a flexible mechanism for conversion between the date on which salaries are calculated and the date of payment.

The mechanism laid down in Article 19 of the proposal for a regulation, which allows a period of several days during which all or part of the remuneration can be converted into the national currency, at the expense of the Institution, seems to the rapporteur to be extremely unwieldy and inflexible.

However laudable the system may be in its effort to defend the interests of staff and to maintain their purchasing power, it is nonetheless likely to create a number of technical difficulties for the Institutions in terms of management and monitoring.

This matter needs to be looked at again to find a fairer balance between the interests of Community employers and employees.

Finally, although the rapporteur appreciates the practical difficulties of paying salaries, pensions and other allowances in ECU, it is still deplorable that the Commission proposes that payment in ECU should enter into force at a later date in countries whose currencies do not belong to the exchange rate mechanism of the EMS, for the reimbursement of expenses under the sickness insurance scheme, for the payment of pensions and for the payment of salaries of officials serving outside Brussels and Luxembourg.

Since implementation of the arrangements is to be postponed in these cases, the rapporteur feels that the date of application of the regulation as a whole could be deferred to ensure consistency and to provide an opportunity to find a fair way of reconciling the interests of officials and of the Institutions.

### CONCLUSIONS

13. In the light of these observations, the Committee on Budgets:
- (a) recognizes that the system of remuneration of officials and other servants of the Communities, based on the principles of parallel development of salaries in the European public service and the average recorded in national civil services and equivalence of purchasing power between the different places of employment, has, since its introduction, established a consensus between the Institutions and their staff.
  - (b) accepts therefore the principle that the method should be renewed as proposed by the Commission.
  - (c) reaffirms, however, the position it adopted during the budgetary procedure for the financial year 1991, namely that for the period after 30 June 1991 no account should be taken in the budget of the crisis levy introduced by the old method for a period of ten years, during which the purchasing power of Community officials did not keep pace with that of national civil servants.
  - (d) supports the principle established in the Commission proposal whereby salaries, pensions and other allowances will in future be paid in ECU.
  - (e) regrets however that for the time being this will involve the use of a 'corrected ECU' based on a rigorous and complicated system of calculation designed to ensure that the amount paid each month is the same as under the old method; regrets also the numerous exemptions provided for in the Commission proposal.
- Therefore rejects the Commission proposal as it stands.
- (f) calls on the Commission to draw up a new more comprehensive proposal which is not confined merely to officials and other servants employed in Luxembourg and Brussels.
  - (g) proposes the attached amendments.

## AMENDMENTS

(Rule 120 of the Rules of Procedure)

to the proposal for a Council regulation (ECSC, EEC, EURATOM)

amending the Staff Regulations of officials of the European Communities and the conditions of employment of other servants of those Communities in respect of detailed rules for adjusting the remuneration

### Commission text

### Amendment

(Amendment No. 1)  
Article 1, paragraph 4 (new)

4. Article 66a of the Staff Regulations is deleted.

## ANNEX

(Amendment No. 2)  
Chapter I, Section 1, Article 2

If recruitment needs so require, the Commission shall present appropriate proposals to the Council.

Since certain Institutions have for some time been experiencing difficulty in recruiting high-calibre staff, in view of the low number of applicants from certain Member States or with specific professional qualifications or experience, the Commission shall draw up before the end of the 1991 and thereafter every three years, a detailed report and forward it to the Council and Parliament. On the basis of this report, the Commission shall present appropriate proposals to the Council.

(Amendment No. 3)  
Chapter V, Article 10

If there is a serious and sudden deterioration in the economic and social situation within the Community, assessed in the light of objective data supplied for this purpose by the Commission, the Commission shall present appropriate proposals on which the Council, after consulting the European Parliament, will act by a qualified majority in accordance with the second paragraph of Article 64 of the Staff Regulations.

If there is a serious and sudden deterioration in the economic and social situation within the Community, assessed in the light of objective data supplied for this purpose by the Commission, the Commission shall present appropriate proposals on which the Council, after consulting the European Parliament and seeking the opinion of the other Institutions concerned, will act by a qualified majority in accordance with the second paragraph of Article 64 of the Staff Regulations.