Comité
Central du
Personnel

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SESSION A

NEW SALARY ADJUSTMENT METHOD
in the
EUROPEAN INSTITUTIONS

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Context

- Expiry of the method and the special levy (end 2012)
- Savings in Member States and international organisations
- Multiannual Financial Framework

The staff cut and the changes to the Staff Regulation will imply savings of 2,8 billion between 2014 and 2020. At cruising speed, the savings will be of 662 million/year on salaries and 959 million/year on pensions.

Method for Salary update

- Maintains the **principle of parallelism between European and national civil service**

- **Salary and pension updates would take place automatically** on the basis of values calculated by Eurostat without the intervention of EP and Council (**no legislative procedure**)

Method for Salary update

3 COMPONENTS

- **COST of LIVING: National inflation indexes for BE & LU** will be used to take account of the changes in the cost of living in Brussels and Luxembourg
- **Correction coefficient** outside Brussels and Luxembourg
- **PURCHASING POWER** of salaries of national civil servants: Sample increases to **11 MS** (the 8 used in the past: ES, IT, FR, DE, UK, BE, LU, NL + 3 new: AT, SE, PL) = 85% of the EU GDP

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Method: clauses

- **Moderation clause:** postpones for 9 months any increase or decrease in purchasing power of over 2% per year.
- **Crisis clause** when EU staff should not gain in purchasing power if there is a drop in the EU GDP under -3%.

Gross Domestic Product	Consequences on the specific indicator	Date of payment of the second part
[-0,1 % ; -1 %]	33 % ; 67 %	1 April of year n + 1
]-1 % ; -3 %]	0 %; 100 %	1 April of year n + 1
below -3 %	0 %	-

- **Recovery clause:** if GDP decreases under - 3%, the gain in purchasing power is paid when the GDP reaches the pre-crisis level.
- **Correction clause:** if there is a gap between forecast and observed data that affects the application of the crisis clause, then retroactive corrections will be made.

Method: suspension, review and duration

- Method suspended for two years
  - ➢ No adjustment (upwards or downwards) of salary scales, pensions and allowances in 2013 and 2014.
  - ➢ Only correction coefficients will be adjusted.

- Two review clauses
  - ➢ Commission submits a report in 2018 and 2023.
  - ➢ If appropriate the Commission makes a proposal to review the method in 2023.

- Duration
  - ➢ Will apply until 31 December 2023
  - ➢ Will continue to apply beyond 2023 until EP and Council have adopted a new method following a Commission's proposal

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Comparison between the method in force between 2004 and 2012 and the new proposition

	Method in force between 2004 and 2012			New proposed method - simulations over the period 2004-2012		
Year	Cost-of-living (%)	Purchasing power (%)	Annual adjustment (%)	Cost-of-living (%)	Purchasing power (%)	Annual adjustment (%)
2004	1,9	-1,2	0,7	2,4	-1,2	1,2
2005	2,2	0	2,2	2,6	0	2,6
2006	2,1	0,2	2,3	2,6	0,2	2,8
2007	1,4	0	1,4	1,4	0	1,4
2008	4,4	-1,3	3	5,5	-1,3	4,1
2009	0,9	2,8	3,7	-0,9	0	-0,9
2010	2,4	-2,2	0,1	2,5	0,6	3,1
2011	3,6	-1,8	1,7	3,3	-1,8	1,4
2012	2,8	-1,1	1,7	2,3	-1,1	1,2
Cumulative value over the period 2004-2012	**23,9**	**-4,6**	**18,1**	**23,8**	**-4,5**	**18,1**

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Solidarity levy

- Will **apply again as from 1 January 2014** and continue as long as a new method has not been adopted by EP and Council (in principle until 31 December 2023)
- The **rate will be increased from 5,5% (as in December 2012) to 6%,** and for staff in grades AD15 step 2 and above to 7%
- Will **NOT apply to pensions or allowances**
- **Maintains the deduction from the base of an amount equivalent to the salary AST1/1**

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Pension contribution

- The rate will be updated according to the same automatic procedure as the updates of salaries and pensions
- The periods of past observation used to simulate future salary developments of EU staff and interest rates of public debt of the MS will be gradually prolonged to reach 30 years
- The application of these provisions will be reviewed in 2018 and 2022