EPSU CJ USPE
European Public Service Union
Union pour le Service public européen
Cour de Justice

Remuneration

19 April 2010

EN

EU staff: purchasing power in decline

The Council's refusal to apply the Method triggered industrial unrest, followed by legal action. The present leaflet deals with the evolution of remuneration and pensions of EU staff in comparison with that of civil servants of the Member States.

① 'The Method' : automatic salary adjustment

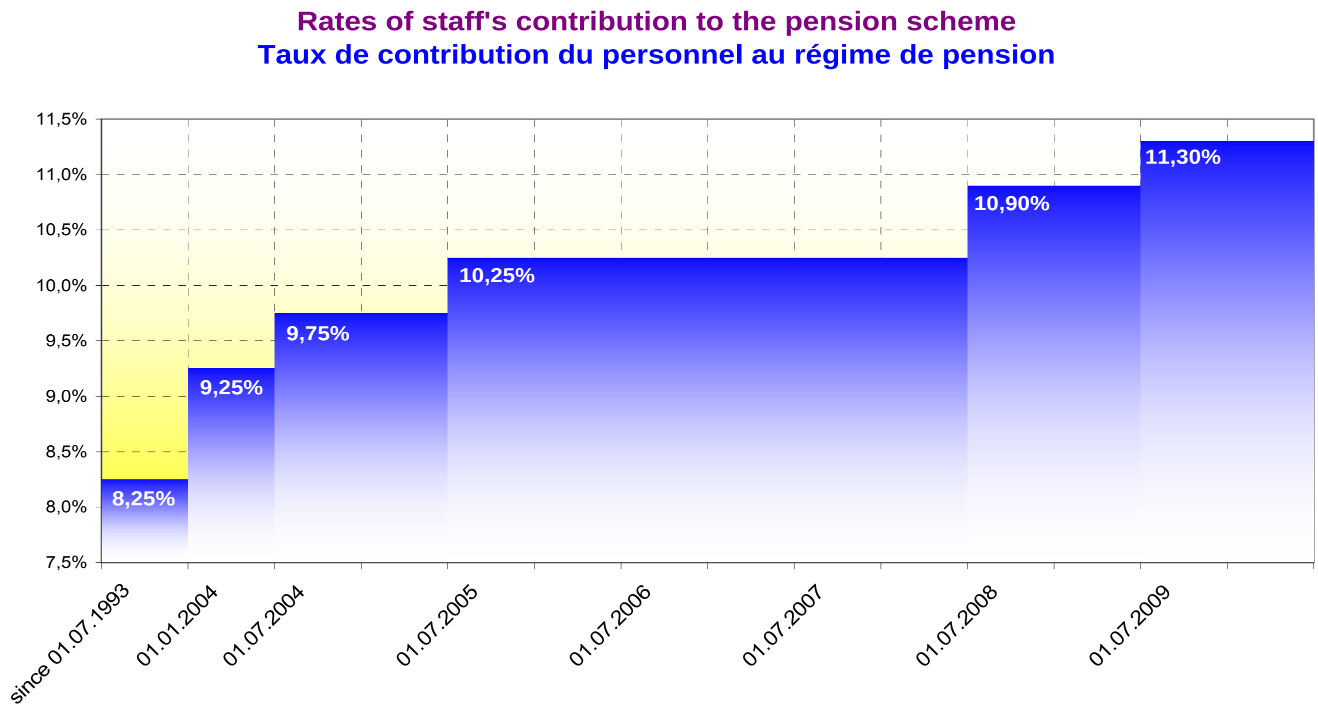
- Since 1972, a succession of Regulations of limited duration has ensured automatic adjustment of the salary of the Communities' staff.
- 'The Method' now in force is included in Annex XI to the Staff Regulations and is due to expire at the end of 2012.
- It rests on the principle of **parallel** evolution with national civil servants' purchasing power.
- This principle reflects a **political** choice, which is guaranteeing in time the attractiveness of jobs in the service of the Communities, and now of the European Union.
- Its declared goal is to prevent the work of the Institutions being disrupted by annual negotiations and industrial unrest.
- However, the effects of 'the Method' have been diluted by other provisions; this is why the evolution of our remuneration is **not**, at the final end, **entirely parallel** to that of national civil servants.
- Other elements, also included in the Staff Regulations, affect this evolution. These are:

② The special levy

- As a trade-off for 'the Method' (namely, considering that '***the advantages for officials of a multi-annual pay adjustment system should be balanced by the introduction of a special levy***'), the Council imposed a 'special levy'.
- This levy spares the pensions and lower salaries and charges, at a progressive rate, the higher salaries. It increases year after year (see Article 66a of the Staff Regs). On 1 January 2011 it will reach its maximum gross rate of 5.50%.

③ Pension contributions

- The contribution rate to our pension scheme is reviewed annually by Eurostat so as to keep the pension scheme in **actuarial balance**.
- In application of Annex XII, our rate of contribution has grown sharply over recent years.
- While *net* salaries of national civil servants (see part ① above) already take into account the impact of their contributions to their pension scheme, variations of *our* pension contributions come on top of, thus altering parallelism. There is consequently an element of double-counting in the system.



The whole of this package is expiring in 2012! *

* It is not too early to think which trade union you wish to mandate to represent you in future negotiations ...

The evolution of purchasing power

- Let's take a closer look at how the system has worked since 2004.

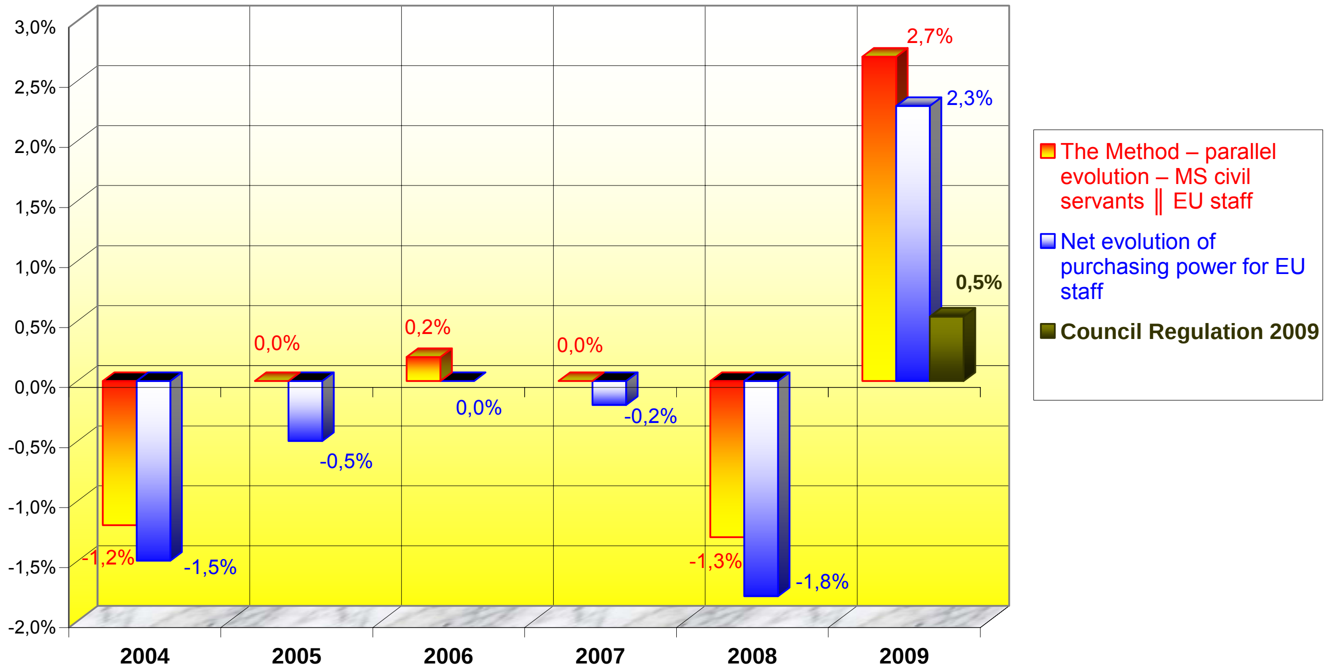
  Figures refer to real net salaries, adjusted for inflation.

- Until 2008, national civil servants of the sample of 8 had, on the whole, losses of purchasing power.

Why a sample of 8?

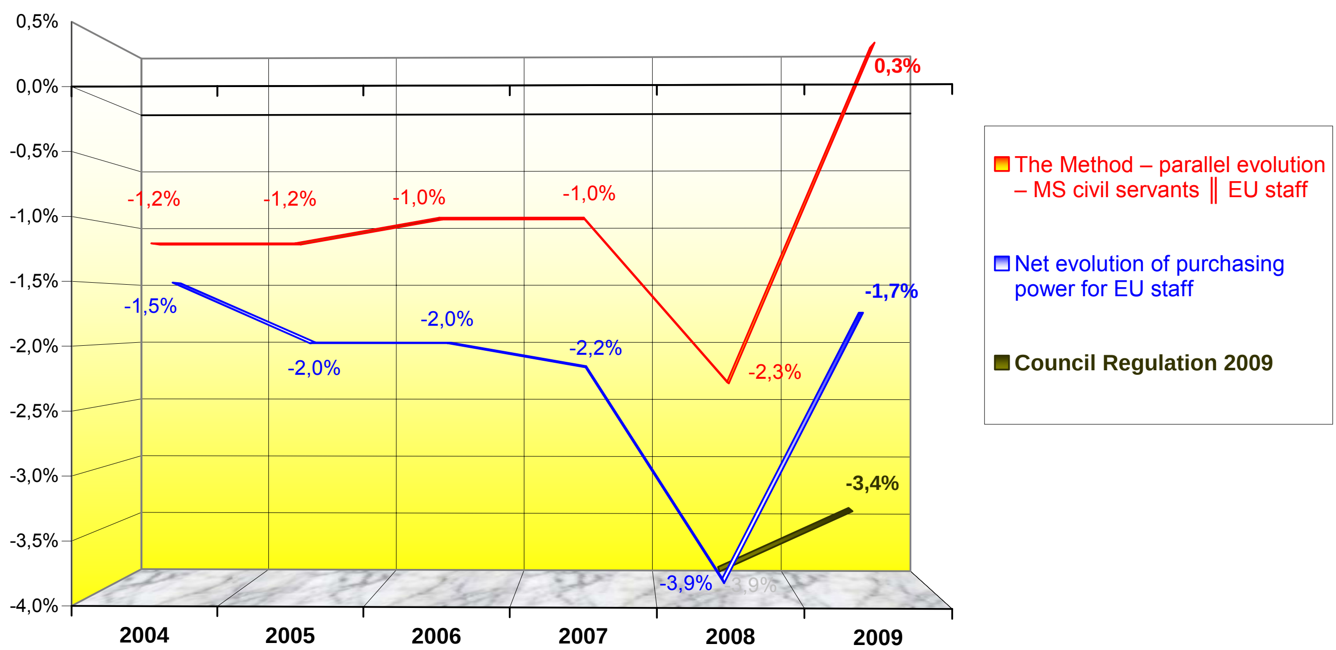
- It must be noted here that, until 2004, parallelism was based on *all* Member States (EUR 15).
- It was only at the final stage before adopting the Reform of the Staff Regs (2004) that the Council made the choice, without negotiating with trade unions, of limiting parallelism to a sample of 8 Member States (B, D, E, F, I, L, NL and UK), accounting together for 75% of the EU's GDP.
- This was due to the fact that the Council was anticipating 'catch-up movements' in the salaries of new Member States' civil servants and wanted in this way to prevent such 'catch-up movements' from having an impact on the salaries of EU staff.

Annual data. Change from previous year - Données annuelles. Variation par rapport à l'année précédente



- Things worked fine (for the Council) until 2008: national civil servants were, on the whole, losing out, and that loss was growing wider for EU staff.
- In fact, the red bars and line represent the evolution for civil servants of the sample of 8, which, by virtue of 'the Method', is automatically reflected on us.
- However, if you **combine** the effects of 'the Method', the special levy and the pension contribution together, you get the blue bars and line.
- Surprise! In 2009, national civil servants in all 8 Member States gained in purchasing power and this gain should be extended to us, too.

Cumulative data. Change from base year 2003 - Données cumulées. Variation par rapport à l'année de base 2003



EPSU-CJ-USPE@curia.europa.eu

- While the loss we had cumulated since 2004 should have been reduced to only -1.7%, the Council decided (olive green bar and line) to break the Method, by 'granting' only half of the increased due. This results in a cumulative loss of purchasing power of -3.4%.
- Conclusion: To the loss of purchasing power which was lawful and agreed by social partners, an illegal cut was added, in breach of the rules in force, which cannot be accepted.

- On both plans of legal action and trade union negotiation, EPSU will need express support of the Court of Justice colleagues, on whom it relies.
  Express this support by joining us!