

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0194/2001

30 May 2001

REPORT

1. on the proposal for a Council regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission
(COM(2001) 50 – C5-0057/2001 – 2001/0027(CNS))

and

2. on the proposal for a Council regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply
(COM(2001) 50 - C5-0058/2001 - 2001/0028(CNS))

Committee on Legal Affairs and the Internal Market

Rapporteur: Bill Miller

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 13 February 2001 the Council consulted Parliament, pursuant to Article 283 of the EC Treaty, on the proposal for a Council regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission (COM(2001) 50 - 2001/0027(CNS)).

At the sitting of 15 February 2001 the President of Parliament announced that she had referred this proposal to the Committee on Legal Affairs and the Internal Market as the committee responsible and the Committee on Budgets for its opinion(C5-0057/2001).

By letter of 13 February 2001 the Council also consulted Parliament, pursuant to Article 283 of the EC Treaty, on the proposal for a Council regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply (COM(2001) 50 - 2001/0028(CNS)).

At the sitting of 15 February 2001 the President of Parliament announced that she had also referred this proposal to the Committee on Legal Affairs and the Internal Market as the committee responsible and the Committee on Budgets for its opinion (C5-0058/2001).

The Committee on Legal Affairs and the Internal Market appointed Bill Miller rapporteur at its meeting of 27 February 2001.

It considered the Commission proposals and draft report at its meetings of 11 and 23 April 2001 and 29 May 2001.

At the last meeting it adopted the draft legislative resolutions by 19 votes to 1.

The following were present for the vote: Ana Palacio Vallelersundi, chairman; Willi Rothley, vice-chairman; Bill Miller, rapporteur; Luis Berenguer Fuster (for Enrico Boselli), Bert Doorn, Francesco Fiori (for Antonio Tajani pursuant to Rule 153(2)), Janelly Fourtou, Françoise Grossetête (for Guido Viceconte), Gerhard Hager, Malcolm Harbour, Heidi Anneli Hautala, The Lord Inglewood, Kurt Lechner, Hans-Peter Mayer, Manuel Medina Ortega, Astrid Thors (for Toine Manders), Gary Titley (for Arlene McCarthy), Diana Wallis, Joachim Wuermeling and Stefano Zappalà.

The opinion of the Committee on Budgets is attached.

The report was tabled on 30 May 2001.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

LEGISLATIVE PROPOSAL

1. Proposal for a Council regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission (COM(2001) 50 – C5-0057/2001 – 2001/0027(CNS))

The proposal is amended as follows:

Text proposed by the Commission ¹	Amendments by Parliament
<hr/>	
Amendment 1	
Title	
Proposal for a Council regulation introducing special measures to terminate the service of officials of the <i>Commission of the European Communities</i> as part of the reform of the Commission	Proposal for a Council regulation introducing special measures to terminate the service of officials of the <i>European Institutions and temporary staff of the European Parliament</i> as part of the reform of the Commission

Justification

Self-explanatory.

Amendment 2 Recital 1

(1) A reform is now under way in the Commission ***designed in particular*** to refocus the use of ***its*** resources on priority activities.

(1) A reform is now under way in the Commission ***and in the other Institutions which aims, among other objectives,*** to refocus the use of resources on priority activities.

Justification

Self-explanatory.

¹ OJ C Not yet published .

Amendment 3

Recital 2

(2) A communication from the Commission¹ has indicated, despite the successes already achieved in 1999 and 2000, some shortfalls in the staff assigned to certain priority activities.

¹ Doc. No 6343/00 INST 4.

(2) A communication from the Commission¹ has indicated, despite the successes already achieved in 1999 and 2000, some shortfalls in the staff assigned to certain priority activities. ***The other Institutions also face similar situations and need to adapt their resources to changes in their activities.***

¹ Doc. No 6343/00 INST 4.

Justification

Self-explanatory.

Amendment 4

Recital 3

(3) The Commission ***intends*** to meet a significant part of those needs through internal rationalisation and redeployments.

(3) The Commission ***and the other Institutions intend*** to meet a significant part of those needs through internal rationalisation and redeployments.

Justification

Self-explanatory.

Amendment 5

Recital 4

(4) The Commission ***intends*** to take steps, mainly through training, to help redeployed staff to adjust in the most satisfactory and effective way possible.

(4) The Commission ***and the other Institutions intend*** to take steps, mainly through training, to help redeployed staff to adjust in the most satisfactory and effective way possible.

Justification

Self-explanatory.

Amendment 6
Recital 6

(6) The ***Commission needs*** new skill profiles and a rebalancing of the establishment plan, but the number of officials retiring in the normal way will not be sufficient to allow the necessary skills to be acquired through recruiting new staff within a satisfactory time scale.

(6) The ***Institutions need*** new skill profiles and a rebalancing of the establishment plan, but the number of officials retiring in the normal way will not be sufficient to allow the necessary skills to be acquired through recruiting new staff within a satisfactory time scale.

Justification

Self-explanatory.

Amendment 7
Recital 6a (new)

6a. The needs of the other Institutions, and particularly those of Parliament, must be taken into account; to that end, it has created a budgetary structure in Section I of the 2001 budget so as to extend application of the early retirement scheme to the remaining Institutions, in accordance with the case-law of the Court of Justice.

Justification

With this proposal the Committee on Budgets has restated the position adopted by Parliament in the context of the 2001 budget.

Amendment 8
Recital 8 (new)

Recourse by the Commission to further measures of this kind in the context of its reform should be precluded even if these measures do not meet with the desired response.

Justification

These special measures should be regarded as being strictly of a one-off nature and no further recourse should be had to them even if the Commission is unsuccessful in obtaining sufficient qualifying volunteers.

Amendment 9
Recital 8a (new)

Whereas the expenditure to fund the early retirement scheme is a transfer from a chapter of Part A to another, the expenditure remains of the same nature.

Justification

The voluntary character of this measure and the non-compulsory expenditure (NCE) of the line of origin of the expenditure justify that this expenditure should remain non-compulsory.

Amendment 10
Recital 9 (new)

These measures do not preclude the adoption by the Community of a new permanent early retirement scheme for officials and other servants. Such a scheme should be drawn up forthwith and adopted at the latest by 1 January 2003.

Justification

Self-explanatory.

Amendment 11
Recital 10 (new)

It is essential to ensure that the implementation of these special measures is properly policed by building in the necessary administrative safeguards.

Justification

Self-explanatory. This amendment should be read in conjunction with Amendments 17 and 18.

Amendment 12
Article 1

The European ***Commission is*** hereby authorised, in the interests of the service and in order to take account of the need to renew skills arising from the refocusing of the use of ***its*** resources on priority activities, to adopt measures up to 31 December 2002 for terminating the service within the meaning of Article 47 of the Staff Regulations of officials who have reached the age of 50 and have completed at least 10 years' service, regardless of the budget (operating or research) from which they are paid, with the exception of those in Grades A1 and A2, under the conditions specified below.

The European ***Institutions are*** hereby authorised, in the interests of the service and in order to take account of the need to renew skills arising from the refocusing of the use of ***their*** resources on priority activities, ***or from the need to adapt resources to their activities,*** to adopt measures up to 31 December 2002 for terminating the service within the meaning of Article 47 of the Staff Regulations of officials who have reached the age of 50 and have completed at least 10 years' service, regardless of the budget (operating or research, ***Art. 2 CEOS***) from which they are paid, with the exception of those in Grades A1 and A2, under the conditions specified below. ***Parliament is also authorised to apply these measures to the temporary staff of political groups, including those in Grade A2.***

Justification

Self-explanatory.

Amendment 13
Article 2

The total number of officials to be covered by the measures referred to in Article 1 shall be 600. For 2001 the number shall be 300.

The total number of officials ***and temporary staff of political groups*** to be covered by the measures referred to in Article 1 shall be 600 ***for the Commission, 137 for Parliament (including 37 for the political groups), 25 for the Court of Justice and 100 for the Council.*** For 2001 the number shall be 300 ***for the Commission, 65 for Parliament (including 15 for the political groups), 10 for the Court of Justice and 40 for the Council.***

Justification

Self-explanatory.

Amendment 14
Article 2, paragraph 1a (new)

1a. This measure shall be offset by the recruitment of 258 new officials, which means that 342 posts will eventually be restored to the Commission's establishment plan. This staggered restoration of posts shall be clearly identified.

Justification

The budget neutrality of this measure is linked to a quid pro quo arrangement in terms of termination of service/recruitment.

Amendment 15
Article 2, paragraph 1b (new)

1b. This measure shall be without prejudice to the decisions taken as part of annual budget procedures.

Justification

The budget neutrality of this measure is linked to a quid pro quo arrangement in terms of termination of service/recruitment which will be decided by the budgetary authority.

Amendment 16
Article 3

Within the ceiling laid down in Article 2, and with due regard to the interests of the service, the **Commission**, after having consulted **the** Joint **Committee**, shall select from among the officials applying for termination of their service under Article 1 those to whom **it wishes** to apply this measure.

The **Commission** shall consider as a priority officials affected by the reorganisation measures and measures for refocusing the use of **its** resources on priority activities, in particular redeployment, whose skills are deemed not to be in line with the duties to be performed. **It** shall take account of the amount of training necessary for the officials to undertake new tasks, their age, ability, performance, conduct in the service, family circumstances and length of service.

Within the ceiling laid down in Article 2, and with due regard to the interests of the service, the **Institutions**, after having consulted **their** Joint **Committees**, shall select from among the officials **and temporary staff of the political groups in Parliament** applying for termination of their service under Article 1 those to whom **they wish** to apply this measure.

The **Institutions** shall consider as a priority officials **and temporary staff of the political groups in Parliament** affected by the reorganisation measures and measures for refocusing the use of **their** resources on priority activities, in particular redeployment, whose skills are deemed not to be in line with the duties to be performed. **They** shall take account of the amount of training necessary for the officials to undertake new tasks, their age, ability, performance, conduct in the service, family circumstances and length of service.

Justification

Self-explanatory.

Amendment 17

Article 4, paragraph 3

3. The allowance provided for in paragraph 1 shall be adjusted by the weighting fixed for the country situated inside the Community in which the recipient proves that he is resident.

3. The allowance provided for in paragraph 1 shall be adjusted by the weighting fixed for the country situated inside the Community in which the recipient proves that he is resident. ***The official shall provide such proof of residence annually.***

If the recipient resides in a country situated outside the Community, the weighting to be applied to the allowance shall be 100.

If the recipient resides in a country situated outside the Community, the weighting to be applied to the allowance shall be 100.

The allowance shall be expressed in euro. It shall be paid in the currency of the country of residence of the recipient. However, if it is subject to the weighting of 100 under the second subparagraph, it shall be paid in euro.

The allowance shall be expressed in euro. It shall be paid in the currency of the country of residence of the recipient. However, if it is subject to the weighting of 100 under the second subparagraph, it shall be paid in euro.

An allowance paid in a currency other than euro shall be calculated on the basis of the exchange rates referred to in the second paragraph of Article 63 of the Staff Regulations.

An allowance paid in a currency other than euro shall be calculated on the basis of the exchange rates referred to in the second paragraph of Article 63 of the Staff Regulations.

Justification

Sef-explanatory. This amendment should be read in conjunction with Amendment 11.

Amendment 18 Article 4, paragraph 4

4. Where gross income accruing to the former official from any new employment, when combined with the allowance provided for in paragraph 1, exceeds the total gross remuneration last received by the official, determined by reference to the salary scales in force on the first day of the month for which the allowance is payable, the amount of the excess shall be deducted

4. Where gross income accruing to the former official from any new employment, when combined with the allowance provided for in paragraph 1, exceeds the total gross remuneration last received by the official, determined by reference to the salary scales in force on the first day of the month for which the allowance is payable, the amount of the excess shall be deducted

from that allowance. That remuneration shall be weighted as provided for in paragraph 3.

Gross income and total gross remuneration last received, as referred to above, mean sums paid after deduction of social security contributions but before deduction of tax.

The former official concerned shall provide any written proof which may be required and shall notify the institution of any factor which may affect his or her right to the allowance, failing which he or she shall be liable to disciplinary action as provided for in Article 86 of the Staff Regulations.

from that allowance. That remuneration shall be weighted as provided for in paragraph 3.

Gross income and total gross remuneration last received, as referred to above, mean sums paid after deduction of social security contributions but before deduction of tax.

The former official concerned shall ***enter into a binding undertaking to*** provide any written proof which may be required, ***including an annual statement of income in the form of salary statements or audited accounts, as the case may be, and a sworn or notarised declaration that he is in receipt of no other income from any new employment,*** and shall notify the institution of any ***other*** factor which may affect his or her right to the allowance, failing which he or she shall be liable to disciplinary action as provided for in Article 86 of the Staff Regulations.

Justification

Self-explanatory. To be read in conjunction with Amendment 11.

Amendment 19 Article 4, paragraph 5

5. As set out in Article 67 of the Staff Regulations and Articles 1, 2 and 3 of Annex VII thereto, the dependent child allowance shall be payable either to the recipient of the allowance provided for in paragraph 1 or to the person or persons to whom custody of the child or children has been entrusted by law or by an order of court or of the competent administrative authority; the household allowance shall be calculated by reference to the allowance provided for in paragraph 1.

5. As set out in Article 67 of the Staff Regulations and Articles 1, 2 and 3 of Annex VII thereto, ***the household allowance, the dependent child allowance and the education allowance*** shall be payable either to the recipient of the allowance provided for in paragraph 1 or to the person or persons to whom custody of the child or children has been entrusted by law or by an order of court or of the competent administrative authority; the household allowance shall be calculated by reference to the allowance provided for in paragraph 1.

Justification

Clarifies the text.

Amendment 20
Article 4a (new)

4a. The Commission shall provide the budgetary authority with an estimate of the long-term financial consequences of the pension claims resulting from this proposal before Parliament's first reading of the 2002 budget.

Justification

Although the proposal is said to be budgetary neutral, the pension claims resulting from this proposal will have financial consequences in the long term. In the light of the effect this will have on future budgets and in the light of the ongoing discussion on the Union's pension structure, the budgetary authority should be informed about the long-term consequences of this proposal.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission (COM(2001) 50 – C5-0057/2001 – 2001/0027(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2001) 50¹),
 - having been consulted by the Council pursuant to Article 283 of the EC Treaty(C5-0057/2001),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs and the Internal Market and the opinion of the Committee on Budgets (A5-0194/2001),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to alter its proposal accordingly, pursuant to Article 250(2) of the EC Treaty;
 3. Calls on the Council to notify Parliament should it intend to depart from the text approved by Parliament;
 4. Calls for the conciliation procedure to be initiated should the Council intend to depart from the text approved by Parliament;
 5. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
 6. Instructs its President to forward its position to the Council and Commission.

¹ OJ C Not yet published.

LEGISLATIVE PROPOSAL

2. Proposal for a Council regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply (COM(2001) 50 - C5-0058/2001 - 2001/0028(CNS))

The proposal is approved.

DRAFT LEGISLATIVE RESOLUTION

European Parliament legislative resolution on the proposal for a Council regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply (COM(2001) 50 – C5-0058/2001 – 2001/0028(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the Commission proposal to the Council (COM(2001) 50¹),
 - having been consulted by the Council pursuant to Article 283 of the EC Treaty(C5-0057/2001),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Legal Affairs and the Internal Market and the opinion of the Committee on Budgets (A5-0194/2001),
1. Approves the Commission proposal;
 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 initiated should the Council intend to depart from the text approved by Parliament;
 4. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
 5. Instructs its President to forward its position to the Council and Commission.

¹ OJ C Not yet published.

EXPLANATORY STATEMENT

Summary of the proposal

Object of the scheme

The Peer Group review of the Commission's current activities as reported in July 2000 found that there was an estimated shortfall in staff numbers assigned to priority activities, *i.e.* those dealing with core policy objectives, of 1254 posts. The Commission considers that two-thirds of those posts can be filled by rationalisation or internal redeployment, coupled with training for redeployed staff.

The Commission takes the view, however, that some officials, particularly older members of staff, do not have skills commensurate with the new duties which they would be expected to perform.

It is therefore proposing to allow 600 Commission officials (300 in 2001 and 300 in 2002) to leave the service before the normal retirement age.

The impact of the scheme on the Community's budget is claimed to be neutral.

Terms of the scheme

(1) The scheme would be **voluntary**, but the Commission is to give priority to officials affected by reorganisation measures and redeployment whose skills are not deemed to be in line with the new duties to be performed, taking account of (a) the amount of training it would take to prepare them to undertake new tasks and (b) their age, ability, performance, conduct in the service, family circumstances and length of service.

(2) Qualifying officials must have reached 50 years of age and completed at least 10 years' service.

(3) Qualifying officials would receive a monthly allowance ranging from 60.0% to 70.0% of their last basic salary depending on their age and length of service at the time of their departure, plus the full flat-rate dependent child allowance and the education allowance, together with a proportion of the household allowance. This allowance would be weighted according to the various weightings laid down from time to time to account for the cost of living in the different Member States. The person concerned would have to prove that he or she resided in a particular Member State in order to receive the weighting for that country. A weighting of 100 would be applied where the former official elected to reside outside the EU.

(4) Recipients of the early retirement allowance would:

(a) continue to be covered by the sickness insurance scheme in respect of themselves and their families, provided that they paid the relevant contributions and were not covered by another sickness insurance scheme by virtue of legal or statutory provisions;

(b) continue to acquire rights under the retirement scheme for a maximum of six years provided that they paid the contributions and the total pension payable did not exceed the maximum payable under the Staff Regulations. On reaching the age of 65 or becoming eligible for the maximum retirement pension of 70% of basic salary, payment of the early retirement allowance would cease. Former officials could also request payment of their retirement pension in lieu of the allowance at any time.

5. In the event of the death of the former official, his or her spouse and dependent children would qualify for the survivor's and orphans' pensions provided for in the Staff Regulations. However, the surviving spouse's pension could not exceed the amount to which the former official would have been entitled had he or she reached retirement age.

6. If the former official takes up other employment, the early retirement allowance is to be reduced by the amount by which the sum of his or her gross income from that employment and the allowance exceeds the gross income he or she last received as an official, weighted according to his or her place of residence.

Assessment

Assuming that the scheme will advance the objectives of the reform of the Commission by enabling it to refocus the use of its resources on priority activities, it is to be commended. No matter how sceptical individual Members and trade unionists may be about the likely success of the reform in modernising the Commission and making it more efficient, your rapporteur considers that the Commission should be given at least the benefit of the doubt, since this early retirement scheme is regarded as a key element of the reform package.

Your rapporteur welcomes the voluntary nature of the scheme, which he regards as generous. It should attract considerable numbers of volunteers, including especially those officials who feel that they cannot match the new skills requirements, and allow the Commission to meet its staffing needs through redeployment, retraining and some recruitment. Your rapporteur considers, however, that if the scheme does not succeed in achieving the Commission's aims, the Commission should not be permitted a second opportunity. The scheme must be regarded as being in the nature of a once-for-all measure.

Your rapporteur also welcomes the ostensible neutrality of the scheme in terms of its effects on the budget. By the same token, he is pleased that safeguards have been introduced to prevent a former official from continuing to receive the whole of the early retirement allowance where his or her income from other employment, together with that allowance, would bring the ex-official's gross income above his or her former gross income as a Community official. He is concerned, however, to see that these arrangements are properly policed and has introduced amendments that effect.

Lastly, your rapporteur has been at pains to emphasise that the measures under consideration do not preclude the adoption of a new permanent early retirement scheme, which should be drawn up and adopted at the earliest possible opportunity.

26 April 2001

OPINION OF THE COMMITTEE ON BUDGETS

for the Committee on Legal Affairs and the Internal Market

on the proposal for a Council Regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission

(COM(2001) 50 – C5-0057/2001 – 2001/0027(CNS) and

on the proposal for a Council Regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply
(COM(2001) 50 - C5-0058/2001 - 2001/0028(CNS))

Draftsman: Catherine Guy-Quint

PROCEDURE

The Committee on Budgets appointed Catherine Guy-Quint draftsman at its meeting of 24 January 2001.

It considered the draft opinion at its meeting of 24-25 April 2001.

At this meeting it adopted the following conclusions unanimously.

The following were present for the vote: Terence Wynn, chairman; Bárbara Dührkop Dührkop, vice-chairman; Catherine Guy-Quint, draftsman; Jean-Louis Boursanges, Joan Colom i Naval, Carlos Costa Neves, Göran Färm, Salvador Garriga Polledo, Jutta D. Haug, Anne Elisabet Jensen, Jan Mulder, Heide Rühle, Per Stenmarck, Kyösti Tapio Virrankoski, Ralf Walter and Brigitte Wenzel-Perillo.

SHORT JUSTIFICATION

Substance of the proposal

One of the main objectives pursued by the Commission in its reform efforts has been to improve the match between its activities and available human resources.

The report by the Peer Group adopted by the Commission on 26 July 2000 contains an action plan which puts the new requirements at 1 254 additional posts, two-thirds of which can be met through internal efforts and one-third by additions to the establishment plan as shown in the table below.

One significant aspect of the internal redeployment concerns termination-of-service or early-retirement arrangements proposed by the Commission in the form of the Council Regulation under review.

Table 1: requirements

Posts required	1 254
Internal redeployment	537
New posts	717

Table 2: compensation between termination of service and recruitment

Termination of service	- 600
Recruitment	+ 258
Posts recovered	- 342

Table 3: Request to the budgetary authority

	2001	2002	2003	Total
Request for new posts	400	317	0	717
Return of posts to the budgetary authority following the termination of service of 300 officials per year		-171	-171	-342
Net variation in the total number of posts in the establishment plan	400	146	-171	375

The measure is intended to allow 600 officials affected by the redeployment of human resources in the Commission in 2001 and 2002 who would not be able to change their career orientation in order to perform new activities to leave the Commission before the normal retirement age. The departure of these officials should enable new officials to be recruited with the required skills and qualifications.

The termination of service of 600 officials will take place in two waves, 300 in 2001 and 300 in 2002. The budget impact will mainly cover the years 2001 to 2010. On the basis of the calculations made for the average groups described in Annex II to the draft regulation, the allowances payable will begin to tail off from 2008 as the former officials reach the normal retirement age and become eligible for retirement pensions, and will cease in 2010, the year in which these officials should come under the pension scheme.

The regulation authorises a one-off measure linked to needs arising from the reform and not the establishment of a permanent scheme. The measure concerns only the Commission and does not involve any changes to Article 47 of the Staff Regulations at this stage.

The regulation sets out the criteria and selection procedure to be applied by the Commission on the basis of a decision taken by a joint committee consisting of representatives of the administration and staff, as well as the entitlements of officials concerned by these measures, summarised below:

Number of officials concerned	600, of whom: - 300 in 2001 - 300 in 2002
Assessment criteria laid down by the regulation	
Minimum age	50 years
Length of service	Minimum of 10 years
Grades concerned	All except A1 and A2
Level of allowance	60 to 70%
Assessment criteria at the Commission's discretion: training, family circumstances, performance, conduct	

Budgetary aspects

In its resolution on the White Paper as regards budgetary aspects¹, Parliament was highly receptive to the Commission proposal: *[The European Parliament] is prepared to consider the procedures for a proposal concerning early retirement and is confident that such a measure could be implemented, given the provisions of the Staff Regulations of Officials; reiterates that early retirement measures should on no account be allowed to obscure the main priorities of the reform.*

In Letter of Amendment No 1 to the preliminary draft budget for 2001, in which it presents its human resources requirements to the budgetary authority, the Commission stresses the neutral budgetary impact of this measure. This neutrality stems from the difference between the cost of the 600 active officials and their early-retirement allowances, which will permit the recruitment of 258 new members of staff.

¹ A5-327/2000.

Even if budget neutrality is guaranteed, however, the draftsman would point out that the measure is not neutral in terms of staff numbers. In fact, 600 departures will enable 258 new officials to be recruited. This means that 342 posts will gradually be restored to the establishment plan as the 600 officials whose service has been terminated come under the pension scheme. This quid pro quo aspect should be made clear in the regulation and should be visibly identified in the establishment plan (asterisk, specific column) with an indication of the timescale.

AMENDMENTS

on the proposal for a Council Regulation introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission

COM(2001) 50 – C5-0057/2001 – 2001/0027 (CNS))and

on the proposal for a Council Regulation amending Regulation (Euratom, ECSC, EEC) No 549/69 determining the categories of officials and other servants of the European Communities to whom the provisions of Article 12, the second paragraph of Article 13 and Article 14 of the Protocol on the Privileges and Immunities of the Communities apply

(COM(2001) 50 - C5-0057/2001 - 2001/0028(CNS)

The Committee on Budgets calls on the Committee on Legal Affairs and the Internal Market, as the committee responsible, to incorporate the following amendments in its report.

Text proposed by the Commission ¹	Amendments
	<p style="text-align: center;">Amendment 1</p> <p style="text-align: center;">Recital 6a (new)</p> <p style="text-align: center;"><i>6a. The needs of the other institutions, and particularly those of Parliament, must be taken into account; to that end, it has created a budgetary structure in Section I of the 2001 budget so as to extend application of the early retirement scheme to the remaining institutions, in accordance with the case-law of the Court of Justice.</i></p>

Justification

With this proposal the Committee on Budgets has restated the position adopted by Parliament in the context of the 2001 budget.

¹ OJ C (not yet published)

Amendment 2
Article 2, paragraph 1a (new)

1a. This measure shall be offset by the recruitment of 258 new officials, which means that 342 posts will eventually be restored to the Commission's establishment plan. This staggered restoration of posts shall be clearly identified.

Justification

The budget neutrality of this measure is linked to a quid pro quo arrangement in terms of termination of service/recruitment.

Amendment 3
Article 2, paragraph 1b (new)

1b. This measure shall be without prejudice to the decisions taken as part of annual budget procedures.

Justification

The budget neutrality of this measure is linked to a quid pro quo arrangement in terms of termination of service/recruitment which will be decided by the budgetary authority.

Amendment 4
Article 4a (new)

4a. The Commission shall provide the budgetary authority with an estimate of the long-term financial consequences of the pension claims resulting from this proposal before Parliament's first reading of the 2002 budget.

Justification

Although the proposal is said to be budgetary neutral, the pension claims resulting from this proposal will have financial consequences in the long term. In the light of the effect this will have on future budgets and in the light of the ongoing discussion on the Union's pension structure, the budgetary authority should be informed about the long-term consequences of this proposal.

