



COMMISSION OF THE EUROPEAN COMMUNITIES

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**COMMUNICATION FROM THE COMMISSION**

**following up the Commission's communication of 26 July 2000 on matching its activities  
with its human resources**

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**

Proposal for a

**COUNCIL REGULATION**

**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**

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**

(presented by the Commission)

**COMMUNICATION FROM THE COMMISSION**

**following up the Commission's communication of 26 July 2000 on matching its activities  
with its human resources**

## **1. INTRODUCTION**

In its White Paper of March 2000 the Commission announced its intention to undertake a reallocation of human resources across its departments with a view to concentrating activities on its core policy objectives.

On 26 July 2000, it adopted the conclusions of the review by the Peer Group charged with carrying out a comprehensive assessment of the Commission's current activities and putting forward an action plan. These conclusions clearly indicate that, over and above the rationalisation efforts carried out already in 1999 and 2000, the staff numbers assigned to priority activities continue to be insufficient, with the shortfall being estimated at 1 254 posts.

Two thirds of these requirements can be met from further rationalisation (discontinuation or scaling back of activities, productivity gains) or by internal redeployment. Targeted and effective accompanying measures are to be designed to allow redeployed staff to perform other, higher priority, activities. In addition to these accompanying measures, termination-of-service arrangements are to be available under which the Commission would be able to offer reasonable severance conditions to officials whose skills are deemed not to be in line with the duties to be performed.

Legally the scheme will take the form of a Council Regulation. Implementing procedures will be laid down later. The termination-of-service Regulation is to be accompanied by two further proposals for Council Regulations amending Regulation No 260/68 (EEC, Euratom, ECSC) laying down the conditions for applying Community tax to those receiving the termination-of-service allowance and 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 13, in particular, of the Protocol on the Privileges and Immunities of the Communities apply.

## **2. THE COUNCIL REGULATION**

The Council Regulation should in particular:

- limit the arrangements to officials, with the exception of those in Grades A1 and A2, who have reached the age of 50 and have a minimum of 10 years of service, regardless of the budget (operating or research) from which they are paid;
- fix the total number of officials to whom the measure may apply at 600 (300 in 2001 and 300 in 2002);
- lay down that the Commission is to select the officials to whom the arrangements will apply from among those requesting termination of service;
- provide that selection will take place after consultation of the Joint Committee provided for in the Staff Regulations and consisting of representatives of the administration and the staff in equal numbers;

- establish the criteria to be applied by the Commission when making the selection, which would concern first of all officials affected by the reorganisation measures, in particular redeployment, whose skills are deemed not to be in line with the duties to be performed; the amount of training needed for the official to undertake new tasks, age, ability, performance, conduct in the service, family circumstances and length of service will be taken into account;
- establish entitlement to a monthly allowance to be set as a percentage of the last basic salary, ranging from 60% to 70% (with an average of 65% for the existing target group of officials as a whole) depending on age and length of service at the time of departure. Entitlement will cease when the former official reaches the age of 65 or in any event as soon as the former official is eligible for the maximum retirement pension of 70% (Article 77 of the Staff Regulations), at which point he/she will receive a retirement pension;
- lay down that where the allowance combined with income from any new employment exceeds the gross remuneration last received, the amount of the excess will be deducted from the allowance;
- lay down that family allowances will be paid consisting of dependent child allowance (full flat-rate amount), education allowance (full flat-rate amount) and household allowance (in proportion to the allowance subject to the minimum provided for in the Staff Regulations);
- lay down that the former officials and the persons covered by their insurance will be able to benefit from the sickness insurance scheme on payment of a contribution calculated on the basis of the allowance;
- lay down that former officials will be able to acquire further retirement pension rights for a maximum of six years, provided that during that period they contribute to the retirement pension scheme on the basis of their previous basic salary. In the event of death during the period of entitlement, the surviving spouse's pension will be paid.

### **3. IMPLEMENTATION OF THE SCHEME**

The Council Regulation will allow any official to apply under the scheme. The Commission will select from among the officials applying those who fulfil the criteria set out in the Regulation on the basis of the interests of the service.

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**

## **EXPLANATORY MEMORANDUM**

In its White Paper of March 2000 the Commission announced its intention to undertake a reallocation of human resources across its departments with a view to concentrating activities on its core policy objectives.

The Peer Group charged with undertaking a comprehensive assessment of the Commission's current activities delivered its report in July 2000. The conclusions clearly indicate that, over and above the rationalisation efforts carried out already in 1999 and 2000, the staff numbers assigned to priority activities continue to be insufficient, with the shortfall being estimated at 1 254 posts.

Two thirds of these requirements will be met from further rationalisation efforts (discontinuation or scaling back of activities, productivity gains) or by internal redeployment. Targeted and effective accompanying measures are to be designed to enable redeployed staff to perform other, higher priority activities. These measures are of vital importance to the success of the redeployment exercise.

Training is one of them. The training requirements for ensuring the most effective possible redeployment of these officials will be identified and the necessary means put in place. However, the skills of some of the staff concerned, in particular older ones, may not be in line with the duties to be performed.

A scheme that allows these officials to leave the institution before the normal retirement age and makes it possible for people with skills that are in short supply within the Commission to be recruited is another essential accompanying measure. It is justified also by the need for staff with new skill profiles and the need to rebalance the establishment plan to make way for more A/LA and B officials.

On the basis of an analysis of the specialised profiles and skills required in the Commission, the number of staff to whom the scheme would apply has been estimated at 600 spread over a period of two years. The purpose of this proposal therefore is to authorise a termination-of-service scheme for 600 Commission officials, with 300 departing in 2001 and 300 in 2002.

Provided the impact on the budget is neutral, the savings generated by the scheme (the difference between the cost of total remuneration and the cost of the termination-of-service allowance) should allow around 258 new officials to be recruited.

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**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the proposal made by the Commission after consulting the Staff Regulations Committee in accordance with Article 10a of the Staff Regulations of Officials of the European Communities,<sup>1</sup>

Having regard to the opinion of the European Parliament,<sup>2</sup>

Having regard to the opinion of the Court of Justice,<sup>3</sup>

Having regard to the opinion of the Court of Auditors,<sup>4</sup>

Whereas:

- (1) A reform is now under way in the Commission designed in particular to refocus the use of its resources on priority activities.
- (2) A communication from the Commission<sup>5</sup> has indicated, despite the successes already achieved in 1999 and 2000, some shortfalls in the staff assigned to certain priority activities.
- (3) The Commission intends to meet a significant part of those needs through internal rationalisation and redeployments.
- (4) The Commission intends to take steps, mainly through training, to help redeployed staff to adjust in the most satisfactory and effective way possible.
- (5) However, the skills of some officials, particularly older members of staff, are deemed not to be in line with the duties to be performed.

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<sup>1</sup> Hereinafter called the "Staff Regulations".

<sup>2</sup> OJ C

<sup>3</sup> OJ C

<sup>4</sup> OJ C

<sup>5</sup> Doc. No 6343/00 INST 4.

(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 timescale.

(7) Special measures should accordingly be adopted with regard to termination of service,

HAS ADOPTED THIS REGULATION:

#### *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.

#### *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.

#### *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.

#### *Article 4*

1. Former officials whose service is terminated under Article 1 shall be entitled to a monthly allowance set as a percentage of the last basic salary received according to age and length of service at the time of departure as shown in the table in Annex I to this Regulation. The last basic salary shall be that for the grade and step held by the official at the time of departure, determined by reference to the table in Article 66 of the Staff Regulations in force on the first day of the month for which the allowance is payable.



2. Such former officials may at any time, at their own request, receive a retirement pension on the terms and conditions laid down in the Staff Regulations. Entitlement to the allowance shall then cease. It shall cease in any event not later than the last day of the month in which the former official reaches the age of 65 years or as soon as the former official is eligible before that age for the maximum retirement pension of 70% (Article 77 of the Staff Regulations).

At that point the former official shall automatically receive a retirement pension, which shall take effect on the first day of the calendar month following the month in which the allowance was paid for the last time.

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.

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.

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.

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.

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.

6. Recipients of the allowance shall be entitled, in respect of themselves and persons covered by their insurance, to benefits under the sickness insurance scheme provided for in Article 72 of the Staff Regulations provided they pay the relevant contribution, calculated on the basis of the allowance provided for in paragraph 1, and are not covered by another sickness insurance scheme by virtue of legal or statutory provisions.
7. During the period for which they are entitled to receive the allowance, but for not more than six years, former officials shall continue to acquire further rights to retirement pension based on the salary carried by their grade and step, provided that the contribution provided for in the Staff Regulations by reference to that salary is paid during that period and provided that the total pension does not exceed the maximum specified in the second paragraph of Article 77 of the Staff Regulations. For the purposes of Article 5 of Annex VIII to the Staff Regulations, such period shall be considered to be a period of service.
8. Subject to Articles 1(1) and 22 of Annex VIII to the Staff Regulations, the surviving spouse of a former official who dies while in receipt of the allowance provided for in paragraph 1 shall be entitled, provided that they have been the official's spouse for at least one year when he or she left the service of the Commission, to a survivor's pension equal to 60% of the retirement pension which, irrespective of length of service or age, would have been payable to the former official if he or she had qualified for it at the time of death.

The survivor's pension referred to in the previous subparagraph shall not be less than the amounts specified in the second paragraph of Article 79 of the Staff Regulations. However, in no case may it exceed the amount of the retirement pension to which the former official would have been entitled had he or she survived and been granted a retirement pension when ceasing to be eligible for the allowance referred to above.

The minimum duration of the marriage as referred to in the first subparagraph shall not be taken into account if there are one or more children of a marriage contracted by the official before he or she left the service provided that the surviving spouse maintains or has maintained those children.

Nor shall the duration of the marriage be taken into account if the former official's death resulted from one of the circumstances referred to at the end of the second paragraph of Article 17 of Annex VIII to the Staff Regulations.

9. On the death of a former official in receipt of the allowance provided for paragraph 1, dependent children within the meaning of Article 2 of Annex VII to the Staff Regulations shall be entitled to an orphan's pension on the conditions set out in the first, second and third paragraphs of Article 80 of the Staff Regulations and in Article 21 of Annex VIII to the Staff Regulations.

*Article 5*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council  
The President*

## ANNEX I

### ALLOWANCE PERCENTAGE

The allowance percentage referred to in Article 4(1) of this Regulation will be determined on the basis of the age and length of service of officials at the time of departure as shown in the table below:

Length of service	Age	from 50 to 52 years	from 53 to 55 years	from 56 to 58 years	from 59 to 61 years	from 62 to 64 years
from 10 to 19 years		60.0%	62.5%	65.0%	67.5%	70.0%
from 20 to 29 years		62.5%	65.0%	67.5%	70.0%	70.0%
30 years and over		65.0%	67.5%	70.0%	70.0%	70.0%

Level of allowance depending on age and length of service

Age and length of service will be considered in relation to a trigger date to be specified when the call for applications for the termination-of-service arrangements is issued.

Applying these conditions to the existing target group of officials gives an average allowance of 65%.

## ANNEX II

### BASIS FOR CALCULATING BUDGET NEUTRALITY

This Annex sets out in detail the parameters for calculating the particulars shown in the budget statement. The starting point is that the operation should be budget-neutral. The method of calculation involves determining the savings to be achieved through a termination-of-service scheme for 600 officials (difference between the cost of their remuneration as officials in active employment and the allowance they would receive after leaving the service) and the number of new staff that these savings would allow to be recruited. This approach applies during the period for which the allowance is payable, up to the time the former officials become eligible under the pension scheme.

#### ***Parameter 1: Target group***

The scheme will apply to 600 members of staff, most of whom will have reached the end of their career bracket ('fin de carrière'). Based on the existing target group of officials, the breakdown would be roughly as follows:

	2001	2002	Total
A/LA3 officials	22	22	44
A/LA4 – A/LA5 officials	134	134	268
B1 - B2 officials	45	45	90
C1 - C2 officials	80	80	160
D1 - D2 officials	19	19	38
Total	300	300	600

The references to grades A 3, A 4, A 5 and A 7 in this Annex refer to both Category A and LA (the Language Service)
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#### ***Parameter 2 : Average profiles of officials availing themselves of the scheme***

The costs are based on the standard profiles below:

A3	A3/3 official, married, with no dependent children, recruited at 32
A4 - A5	A4/2 official, married, with no dependent children, recruited at 32
B1 - B2	B1/2 official, married, with no dependent children, recruited at 30
C1 - C2	C1/2 official, married, with no dependent children, recruited at 28
D1 - D2	D1/5 official, married, with no dependent children, recruited at 30

The average age of such officials over the age of 50 is 55.

#### ***Parameter 3 : Average profiles of newly recruited officials***

Officials availing themselves of the scheme will be replaced by officials in categories A and B (in the current proportions, i.e. approximately two thirds A/LA and one third B) recruited at the basic grades (A7/3 and B5/3 respectively), and presumed to be married with one dependent child.

#### ***Parameter 4: Average level of allowance***

Applying the conditions set out in Annex I to the existing target group of officials (meeting the criteria for age and length of service) gives an average level of allowance of 65%, which is the level used to make the calculations.

### ***Parameter 5: Other assumptions***

The base figures (salaries, allowances, etc.) include a projected indexing at 2.5% of the present amounts (adjustment under the 'Method' for 2000 and updating in mid-2001).

The level of the expatriation allowance, included in the remuneration of staff in active employment, is estimated at 12% (average of the rates of 0%, 4% and 16% according to individual situations).

The geographical weighting applied to the remuneration of the former officials is estimated at 105 (depending on where they establish residence after leaving the service).

### ***Annual budget savings arising from the scheme***

The annual budget cost of individual officials before leaving the service is shown in the table below:

<b>Annual budget cost per official in active employment</b>					
	<b>A3/3</b>	<b>A4/2</b>	<b>B1/2</b>	<b>C1/2</b>	<b>D1/5</b>
Basic salary	114 027	90 272	64 226	40 621	35 047
Household allowance	5 701	4 514	3 211	2 095	2 095
Secretarial allowance				1 928	
Expatriation	14 367	11 374	8 093	5 357	4 457
Employer's contribution to the Joint Sickness Insurance Scheme	4 846	3 837	2 729	1 726	1 490
Community tax	-23 572	-15 026	-7 238	-3 338	-2 412
Temporary contribution	-3 214	-2 466	-1 554	-544	-306
Personal pension contribution	-9 407	-7 447	-5 299	-3 351	-2 891
Budget cost per official	102 749	85 058	64 168	44 494	37 480

Details of the annual budget cost of individual officials after leaving the service are shown in the table below (expenses associated with leaving the service are not additional costs but costs paid in advance and are not included in the calculation):

<b>Annual budget cost per official after leaving under the scheme</b>					
	<b>A3/3</b>	<b>A4/2</b>	<b>B1/2</b>	<b>C1/2</b>	<b>D1/5</b>
Allowance	74 118	58 677	41 747	26 403	22 780
Household allowance	3 706	2 934	2 095	2 095	2 095
Weighting	3 355	2 656	1 890	1 233	1 078
Employer's contribution to the Joint Sickness Insurance Scheme	2 520	1 995	1 419	898	775
Community tax	-9 097	-5 674	-3 060	-1 620	
Personal pension contribution	-9 407	-7 447	-5 299	-3 351	-2 891
Budget cost per official	65 195	53 141	38 792	25 658	23 837

Details of the annual budget savings achieved as a result of the scheme (savings from the departure of one official and total savings) are shown in the table below:

<b>Annual budget savings arising from the scheme</b>						
	<b>A3/3</b>	<b>A4/2</b>	<b>B1/2</b>	<b>C1/2</b>	<b>D1/5</b>	<b>Total</b>
Cost per official in active employment	102 749	85 058	64 168	44 494	37 480	
Cost per official leaving under the scheme	65 195	53 141	38 792	25 658	23 837	
Savings per official	37 554	31 917	25 376	18 837	13 643	
Number of officials to whom the scheme will apply	44	268	90	160	38	600
<b>Total budget savings</b>	<b>1 652 376</b>	<b>8 553 756</b>	<b>2 283 840</b>	<b>3 013 920</b>	<b>518 434</b>	<b>16 022 326</b>

The total annual budget saving is €16 022 326.

### **Cost of new posts and recruitment possibilities**

Details of the average annual budget cost of one new official are shown in the table below (the career weighting takes account of career advancement during the relevant period; expenses associated with taking up appointment are not included in the calculation):

<b>Annual budget cost per new official</b>		
	<b>A7/3</b>	<b>B5/3</b>
Basic salary	57 643	37 107
Household allowance	2 882	2 095
Dependent child allowance	2 698	2 698
Education allowance	2 411	2 411
Expatriation	7 587	5 027
Employer's contribution to the Joint Sickness Insurance Scheme	2 450	1 577
Community tax	-4 572	-1 973
Temporary contribution	-1 291	-401
Personal pension contribution	-4 756	-3 061
<b>Total budget cost of scheme</b>	<b>65 052</b>	<b>45 480</b>
Career weighting	1.06	1.06
<b>Budget cost per official</b>	<b>68 955</b>	<b>48 383</b>

The annual budget cost of recruiting 258 new officials (two thirds in Categories A/LA and one third in Category B) is equivalent to the total annual budget savings arising from the scheme:

<b>Total annual budget cost of new posts</b>			
	<b>A7/3</b>	<b>B5/3</b>	<b>Total</b>
Budget cost per official	68 955	48 383	
Number of new posts	172	86	258
<b>Total budget cost of recruitment</b>	<b>11 860 260</b>	<b>4 160 938</b>	<b>16 021 198</b>

**The savings arising from the departure of 600 officials under the termination-of-service scheme would mean that 258 new officials could be recruited, two thirds of them A/LA officials and one third B officials.**



## **FINANCIAL STATEMENT**

### **1. TITLE OF OPERATION**

Termination-of-service allowance under the scheme required to accompany the reform of the Commission

(Council Regulation (ECSC, EC, Euratom) No ....)

### **2. BUDGET HEADING(S) INVOLVED**

A11	staff in active employment
A1218	allowances for staff whose service is terminated
A1230	employer's contribution to the Joint Sickness Insurance Scheme
A1290	weighting for staff whose service is terminated
A1291	adjustments to various allowances
A400	tax proceeds
A401	proceeds of staff contribution to the pension scheme
A403	proceeds of the temporary contribution

### **3. LEGAL BASIS**

Article 283 of the Treaty establishing the European Community

### **4. DESCRIPTION OF OPERATION**

#### **4.1 General objective**

The purpose of the operation is to allow 600 officials who are affected by the redeployment of Commission human resources in 2001 and 2002, and 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.

#### **4.2 Period covered and arrangements for renewal or extension**

The 600 officials will depart 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 pension, and will cease in 2010, the year in which these officials should come under the pension scheme.

## 5. CLASSIFICATION OF EXPENDITURE OR REVENUE

### 5.1 Compulsory expenditure

### 5.2 Non-differentiated appropriations

### 5.3 Type of revenue: deductions from the allowance

## 6. TYPE OF EXPENDITURE OR REVENUE

Operating budget – administrative expenditure: termination-of-service allowances, contribution to the sickness insurance scheme, deductions from the allowances

## 7. FINANCIAL IMPACT

The starting point is that the operation should have a neutral effect on the budget. The savings achieved through the departure of 600 officials (the difference between the cost of their remuneration as officials in active employment and the allowance they would receive after leaving the service) could enable 258 new officials to be recruited in categories A/LA and B.

Overall, there will be a recovery by the budgetary authority of 342 posts (difference between 600 departures under the scheme and 258 new recruits, including 171 in 2001 and 171 in 2002). In the longer term a saving will begin to be felt from 2008. Between 2008 and 2010 the amount of the allowances will decline gradually as the officials whose service is terminated early come under the retirement pension scheme. The savings generated will be equivalent to 342 posts recovered by the budgetary authority around 2010.

### 7.1 Method of calculating the total cost of the operation and breakdown by year

See details in Annex II to the draft Regulation. The references to grades A 3, A 4, A 5 and A 7 in the financial statement refer to both Category A and LA.

The profile of officials whose service is terminated, the number of departures in 2001 and in 2002, the annual budget cost of an official in active employment, the annual budget cost of an official whose service is terminated, the annual savings arising from termination and the period for which the allowance is payable (before the pension scheme takes over) are shown in the table below:

Profile of departing official	Number of departures 2001	Number of departures 2002	Cost of an official in service	Cost of a departing official	Savings arising from termination	Duration of allowance
A3	22	22	102 748	65 195	37 553	7 yrs 6 mths
A4/A5	134	134	85 058	53 141	31 917	9 yrs
B1/B2	45	45	64 168	38 793	25 375	7 yrs 7 mths
C1/C2	80	80	46 422	25 657	20 765	8 yrs 2 mths
D1/D2	19	19	37 480	23 837	13 643	8 yrs 6 mths
Total	300	300				

The budget situation, considered over the period for which the allowance is payable to the officials whose service is terminated, is shown in the table below which sets out in successive columns:

- the number of officials whose service is terminated,
- the number of allowances payable,
- the cost of maintaining those officials in active employment,
- the cost of the allowances payable,
- the savings arising from the scheme

Year	Number of departing officials	Number of allowances	Cost of maintaining officials in service	Cost of allowances	Savings arising from the scheme
2001	300	300	20 817 450	12 806 332	8 011 118
2002	600	600	41 634 900	25 612 664	16 022 236
2003	600	600	41 634 900	25 612 664	16 022 236
2004	600	600	41 634 900	25 612 664	16 022 236
2005	600	600	41 634 900	25 612 664	16 022 236
2006	600	600	41 634 900	25 612 664	16 022 236
2007	600	600	41 634 900	25 612 664	16 022 236
2008	600	586	41 634 900	24 779 140	16 855 760
2009	600	437	41 634 900	19 378 491	22 256 409
2010	600	161	41 634 900	7 793 613	33 841 287

The annual budget cost of a new A7 official is €68 955 and of a new B5 official €48 383 (these costs include a weighting to reflect developments in the careers over the period in question). The funds available as a result of the termination of service of 600 officials will therefore enable 258 new officials to be recruited (172 A7 officials and 86 B5 officials respectively, half in 2001 and half in 2002), at a total annual budget cost of €16 021 198.

	A7/3	B5/3	Total
Annual budget cost per official	68 955	48 383	
Number of new posts	172	86	258
Annual budget cost of new posts	11 860 260	4 160 938	16 021 198

## 8. FRAUD PREVENTION MEASURES PLANNED

Not applicable

## 9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

See point 7.1

**10. ADMINISTRATIVE EXPENDITURE (PART A OF SECTION III OF THE GENERAL BUDGET)**

**10.1 Impact on the number of jobs**

In order to administer the termination-of-service scheme unit ADMIN.B.6 will require extra staff estimated at one category C post.

**10.2 Overall financial impact of additional human resources**

None

**10.3 Increase in other operating expenditure arising from the operation, in particular costs arising from meetings of committees and expert groups**

None

Proposal for a

**COUNCIL REGULATION**

**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**

## **EXPLANATORY MEMORANDUM**

The purpose of the following two Regulations is to prevent those who avail themselves of the special, temporary measures to terminate the service of officials (Peer Group termination-of-service scheme) from escaping the Community tax.

Proposal for a

## COUNCIL REGULATION

### **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**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the Protocol on the Privileges and Immunities of the European Communities, and in particular Article 13 thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) Regulation (EEC, Euratom, ECSC) No 260/68<sup>6</sup>, as last amended by Regulation (EC, ECSC, Euratom) No 2804/00<sup>7</sup>, should be amended to take account of Council Regulation No ... of ... introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

In Article 2 of Regulation (EEC, Euratom, ECSC) No 260/68, the following sixteenth indent is added:

- those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation No ...

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<sup>6</sup> OJ L 56, 4.3.1968, p. 8.

<sup>7</sup> OJ L 326, 22.12.2000, p. 3.

*Article 2*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall apply from the date of entry into force of the Regulation referred to in Article 1.

Done at Brussels,

*For the Council  
The President*



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**

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**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 283 thereof,

Having regard to the Protocol on the Privileges and Immunities of the European Communities, and in particular Articles 16 and 22 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament<sup>8</sup>,

Having regard to the opinion of the Court of Justice<sup>9</sup>,

Having regard to the opinion of the Court of Auditors<sup>10</sup>,

Whereas:

- (1) Regulation (Euratom, ECSC, EEC) No 549/69<sup>11</sup>, as last amended by Regulation (EC, ECSC, Euratom) No 1198/98<sup>12</sup>, should be amended to take account of Council Regulation No ... of ... introducing special measures to terminate the service of officials of the Commission of the European Communities as part of the reform of the Commission,

HAS ADOPTED THIS REGULATION:

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<sup>8</sup> OJ C

<sup>9</sup> OJ C

<sup>10</sup> OJ C

<sup>11</sup> OJ L 74, 27.3.1969, p. 1.

<sup>12</sup> OJ L 166, 11.6.1998, p. 3.

*Article 1*

In Article 2 of Regulation (Euratom, ECSC, EEC) No 549/69, the following point (p) is added:

“(p) those entitled to the allowance provided for in the event of termination of service under Article 4 of Regulation No ...”.

*Article 2*

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Communities*.

This Regulation shall apply from the date of entry into force of the Regulation referred to in Article 1.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council  
The President*