

*Comparative Study of the
Remuneration of Officials
of the European Institutions*

Summary

June 2000

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1. Introduction

In August 1999 the *European Commission, DG IX* contracted with *PLS Consult A/S*¹ in co-operation with *Danish Management Forum* to carry out a “Comparative Study of the Remuneration of the European Institutions”. The study has been undertaken during the period August 1999 through June 2000. The following summary contains a brief description of the study, the applied methodology and the conclusions.

According to the requirements of the European Commission the study should provide a comparison of the remuneration of staff of the European Institutions with the remuneration of a number of reference organisations, including:

- Civil servants of 5 Member States of the European Union.
- Staff of 3 international organisations comparable with the European Commission.
- Employees of 5 multinational companies located in at least 5 countries. The companies should belong to different sectors of the economy and should be major players in their sectors.

The main aim has been to compare the net annual remuneration of the European Institutions to the remuneration of the three sectors for a selection of typical posts among expatriated staff in Brussels, Luxembourg and possibly other places of employment. The study was originally intended to focus exclusively on expatriates, but it was extended to include civil servants of Member States’ central governments, posted in their home country.

The comparisons should be made for single staff and for married staff with two children and a non-working spouse.

As the remuneration structure is identical for almost all the European Institutions, the European Commission has been selected as representing the EU Institutions. The participating international

¹ Since 1 May 2000: PLS RAMBØLL Management

organisations are the UN, the EIB and NATO as representative of the Co-ordinated Organisations (CO). The participating Member States are the UK, Denmark, Germany, France and Italy, and in addition, five multinational companies have participated in the study.

2. *Applied Methodology*

The comparative study has been based on data and information provided by the reference organisations. They have checked the validity of all descriptions and data and approved the use of the data in the comparisons. However, the study has been undertaken in an objective and independent manner and neither the Commission nor any of the participating reference organisations have had any influence on the conclusions.

The study has been based on two separate analyses, a job evaluation analysis and a remuneration analysis, linked together into a comparative study of remunerations.

2.1 The Job Evaluation Method

The job evaluation is a tool, applied to evaluate and categorise different posts across institutions to provide a basis for the comparison of remuneration levels. All positions/categories have been categorised by defined job levels according to the applied job evaluation model.

The number of jobs evaluated in each organisation has been settled in co-operation with the Commission in the case of EU positions and with the respective reference organisations. The number of jobs evaluated is decisive for the accuracy and quality of the resulting grading of positions, but the results of the job evaluation are considered a good basis for the comparison reflecting the general structures and job functions of the participating organisations.

The applied job evaluation system makes use of six evaluation factors to categorise the jobs. Each individual factor is of importance for the overall rating of a job's value and complexity.

The factors are the following:

1. Problem-solving
2. Decision-making
3. Working Relationships and Communication
4. Management or Specialised Responsibility
5. Education
6. Experience

2.2 The Analysis of Remuneration Structures and Levels

The analysis of the remuneration structures and remuneration levels of the European Commission and the reference organisations has been undertaken on the basis of existing material, data provided through questionnaires and information gathered through personal interviews and additional telephone contacts.

The net annual remuneration is defined as the part of the total remuneration including allowances and benefits left for the staff member after payment of taxes, social contributions and pensions.

The remuneration components have been divided into the following four main groups in the analysis and description of the net remuneration:

- Basic salary components - to be understood as a basic salary and an array of elements and direct allowances related to the job performance and the position.
- Allowances - including expatriation allowance, housing allowance (the rent), household allowance, spouse allowance, dependent child allowance. Education allowance (to children or/and spouse) and transport and travel allowances are described but are not included in the calculations of the net remuneration.
- Benefits - insurance, club memberships, stock options, free telephone, computer equipment, subscriptions etc.

- Contributions - tax, social security contributions, insurance and pension.

The calculation of net remuneration includes only such salary elements that are of a significant size and that are possible to estimate on a general basis and in monetary terms. The following remuneration elements have therefore not been taken into account in the calculations:

- Elements given on an individual basis and related to individual consumption or conditions, such as e.g. paid medical expenses.
- Elements given as a one off pay, such as education allowance to spouse, and children², removal allowance etc.
- Elements based on certain individual criteria, such as a language allowance based on nationality and number of language exams passed.
- Elements difficult to estimate in specific amounts per job category, such as daily subsidy allowance, travel allowance etc.

2.3 Data Collection

The information and data concerning job functions, remuneration systems and remuneration levels have been collected from the participating organisations through a set of detailed questionnaires and interviews. This information was studied, analysed and used as a basis for the descriptions of the reference organisations and for the calculation of the net annual remuneration.

After completion of the descriptions and the calculations of the net annual remuneration, the material has been sent to the respective reference organisations for corrections, comments and approval in order to control the validity of the information. At the same time the

organisations have accepted the use of the descriptions and figures in the report.

2.4 Problems Encountered

The main difficulties that have been encountered during the study are:

- The identification of a sufficient number of multinational companies that were willing to participate and which complied with the characteristics given in the Terms of Reference.
- The collection of data and information from some of the reference organisations, especially from the Member States and from some of the multinational companies.

² Another reason for not including the value of paid education is the large variation in this item, depending on employer and nationality of staff.

3. *The Comparative Analysis*

The main conclusions of the comparative study are divided into two parts. The first part regards differences in the remuneration structure between the organisations. It is based on sector analyses undertaken for each of the reference organisations. The second part concerns the comparison of net remuneration levels.

3.1 Remuneration Structures

The study indicates that there are substantial differences in the remuneration structures and levels among the sectors and the individual reference organisations.

The remuneration structure of the *European Institutions* is well defined and formulated in the Staff Regulations. The rules apply equally to all staff according to category. The original remuneration level was settled by negotiations, and has been regularly up-dated on the basis of comparisons with central government remuneration levels of the Member States.

The remuneration structure of the European Institutions is similar to the remuneration structure of other *international organisations*. Allowances cover almost the same kind of expenses both in the EU and in the international organisations and the staff do not receive any benefits.

In general, the remuneration levels of the EU and the international organisations are settled on the basis of comparable civil services. The situation is different in the EIB where the remuneration level is also determined on the basis of comparisons with the international banking sector.

The remuneration level of the *Member States* is settled and regulated according to agreements between unions and employers or according to public law. The salary of the civil servants at the *Permanent Representations* consists of a basic salary more or less at the same

level as that of the nationally based civil servants, additional allowances covering expenses related to the expatriation of the civil servant and his/her family as well as allowances related to the specific job functions.

The remuneration structures of the Permanent Representations are more or less comparable to the EU remuneration structure. Both the EU officials and the civil servants at the Permanent Representations receive allowances related to their job, allowances covering cost of living expenses in Brussels and installation expenses. There are some exceptions:

- Most of the Permanent Representations compensate the housing expenses whilst no specific allocation covering housing expenses is included in the EU remuneration structure.
- The civil servants are compensated for loss of income of a non-working spouse, which is not the case in the EU; and finally.
- EU officials are paid a maximum of two travels to their home country per year depending of the distance - the staff at the Permanent Representations do not receive travel allowances.

The remuneration structure of the *multinational companies* can be seen as reflecting the nationality of the headquarters and the sector. The remuneration is made up of more individually based elements and a larger amount of benefits and allowances in kind than in the EU and in other reference organisations. The remuneration is settled on the basis of the home based remuneration and/or the remuneration level of the host country and the sector.

The picture that emerges is that the expatriates from multinational companies are both compensated through allowances for living and working abroad. On top of this they receive a number of benefits. This may reflect a greater awareness by the multinationals regarding the value of keeping its international staff when they have invested large resources in training and adaptation to the international working situation. The more widespread use of benefits may also reflect a stronger desire by multinational companies to build up and keep a certain image through its international staff.

The remuneration structures of the multinational companies are partially comparable to the remuneration structure of the European Institutions. As already mentioned the employees are compensated for expenses related to expatriation through different allowances, but in addition as the only reference sector in the study, they also receive benefits in kind.

On this background, the final conclusion concerning remuneration structures is that the participating organisations: EU, international organisations, Permanent Representations and multinational companies all have a remuneration structure with a basic salary and a number of allowances to compensate for expenses related to expatriation, aiming at offering their staff an attractive remuneration package and attracting the best qualified persons for the jobs.

3.2 Comparison of Net Remuneration Levels

The net annual remuneration level in the EU Institutions has been compared to the remuneration of the reference sectors. For a detailed presentation of the calculated annual net remuneration of each grade in the organisations and of comparable grades, please refer to the two summary tables included at the end of this summary.

The tables indicate the net annual remuneration and the job-evaluation results for single and married staff in all participating organisations.

In addition, figures 3.2.1 and 3.2.2 below illustrate the levels of the net annual remuneration in the European Institutions and the reference sectors for single staff and married staff at levels corresponding to the various EU grades.

The comparative analysis has been done on the basis of the results of the job evaluation and the remuneration information provided by the participating organisations. It has only been possible to provide an estimate of the net annual remuneration in general for each grade and category, whereas individual allowances and deductions have

not been considered. The quality and accuracy of the results depend on the number of jobs evaluated as well as the comprehensiveness of the remuneration data, and the precision of the results of the comparative analysis will reflect any margins of errors in the underlying job evaluation and in any other applied data.

When assessing and comparing remuneration structures and levels, the special characteristics of expatriation and the living and working conditions and the requirements of knowledge of foreign languages of expatriates must be borne in mind. The conditions may be different for the various types of expatriation: Temporary, long-term or life long. For some groups, the expatriation is repeated on a more or less regular basis throughout the career of a person. The report briefly discusses the types of expatriation, but does not take the mentioned distinctions into account in the analyses and comparisons, as it is impossible to compare on a neutral and objective basis the total costs and benefits of short-term, long-term, and life-long expatriation. Therefore, it cannot be assessed whether a certain net remuneration as such or certain differences are reasonable or not.

Figure 3.2.1 EU-Reference sectors, single staff

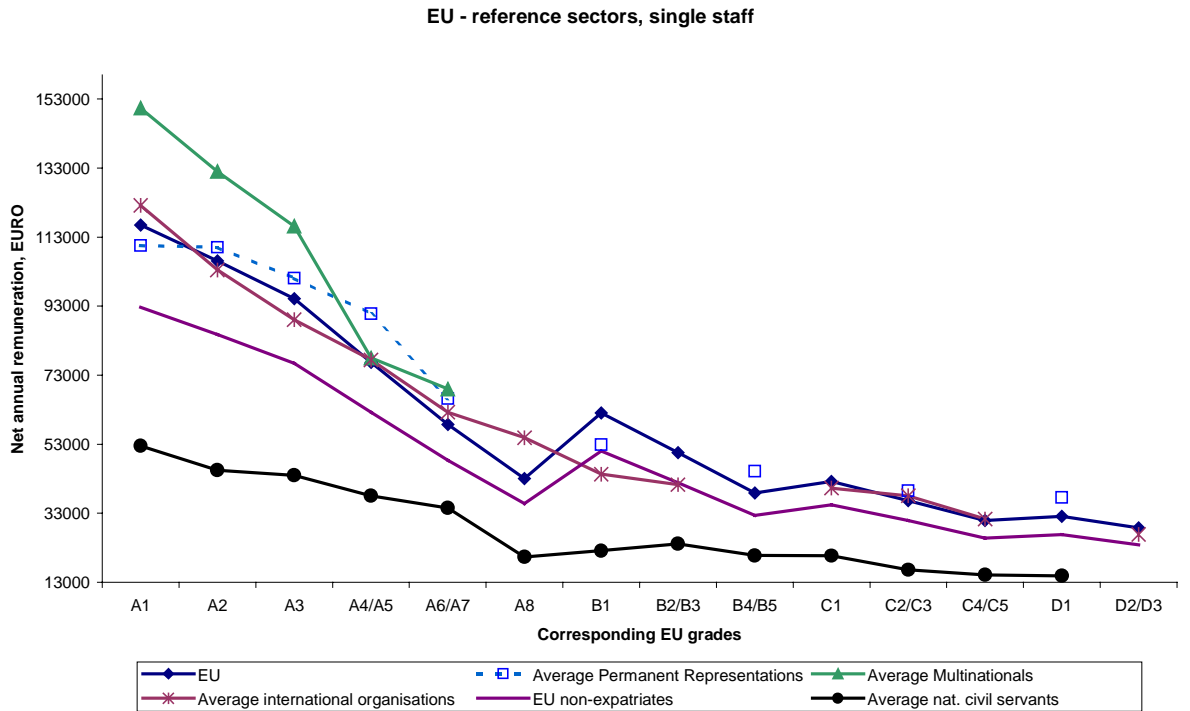
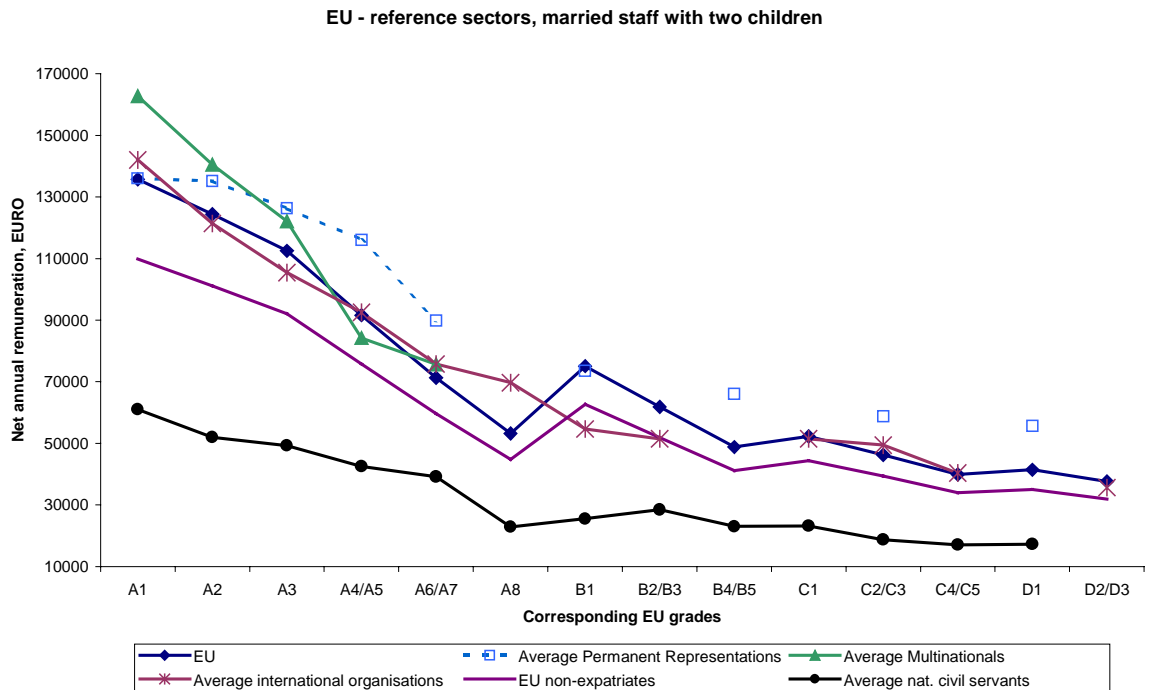


Figure 3.2.2 EU-Reference sectors, married staff with two children



EU versus international organisations: The average remuneration level for single and married staff in the international organisations (UN, NATO, EIB) corresponds to a large degree to the remuneration level of the EU institutions. However, NATO, and in most cases UN, has a lower net remuneration level than the EU for both single and married staff. The EIB has a generally higher level of remuneration for comparable grades.

EU versus the Permanent Representations to the EU of the Member States: The net remuneration levels of the British, Italian and Danish Permanent Representations are generally above that of the EU Institutions. The level at the German Permanent Representation is, generally speaking, lower than the EU for the academic grades and higher for the non-academic grades. At the French Permanent Representation the remuneration level is higher or at about the same level as the EU for most of the grades. The calculated average remuneration is in the range of 85-119 % of the net remuneration of the EU for single staff and 98-135% for married staff.

The difference in the net annual remuneration for married vs. single staff at the Permanent Representations is bigger than the difference in the EU.

The study does not consider or assess the value of VAT exemption for seconded staff at the Permanent Representations.

EU versus the national administrations: The net annual remuneration of the civil servants in the four participating Member States is lower than the remuneration of EU officials without expatriation allowance. The calculated average remuneration of the national civil servants is in the range of 43-71% of the net remuneration of the EU for single staff and 41-66% for married staff.

There are considerable differences among the net remuneration levels of the national administrations. In the French civil service a married civil servant comparable to an A6/A7 in the EU receives a net remuneration of 94% of the EU net remuneration, whereas the

corresponding grade in the Danish civil service is paid only 44% of the EU remuneration.

EU versus multinational companies: The net annual remuneration of the five participating multinational companies can only be compared to the corresponding EU grades A1-A6/A7 as no secretarial staff or manual workers were found among the expatriated staff.

The staffs of the multinational companies receive a higher net annual remuneration than the EU staff of all categories, except in the category comparable to a married A4/A5. The difference is higher for single staff that receives between 102% and 129% of the net annual remuneration in the EU.

4. *Main Conclusions*

Conclusions regarding the net annual remuneration levels of the EU institutions compared to the reference sectors are summarized in the following.

The EU net remuneration level is:

- *Lower* than the average net annual remuneration of comparable grades in the five participating multinational companies.
- *Lower* than the average net annual remuneration of comparable grades in the Permanent Representations of the five participating Member States. However, the annual remuneration of EU non-expatriates is *higher* than that of the *national civil services* of all the five participating Member States.
- *Close* to the average net annual remuneration of comparable grades in the whole group of participating *international organisations*, but higher than the remuneration level of NATO.

Single staff Comparative table - net annual remuneration of single staff

Corr. EU grade	EU -exp.	EU - non-exp.	UN	NATO	EIB	Av. Multinat. Co.s
A1	A1 116494	A1 92657		A7 102443	Director General * 141907	150364
A2	A2 106065	A2 84725	D2 83136	A6 95379	Dep. Director * 131899	132031
A3	A3 95166	A3 76435	D1 78337	A5 83889	Head of Division 105002	116119
A4/A5	A4/A5 76697	A4/A5 62297	P5 73851	A4/A3 67080	Senior Loan Off. 91403	77991
A6/A7	A6/A7 58751	A6/A7 48371	P4/P3 62431	A2 50247	Loan Officer 74079	68988
A8	A8 43001	A8 35812	P1/P2 45876		Managerial Ass. 63888	
B1	B1 62064	B1 51039	GL 7 38255	B6 45891	Adm. Assistant 48914	
B2/B3	B2/B3 50558	B2/B3 41868	GL 6 34794	B5 40163	Adm. Assistant 48914	
B4/B5	B4/B5 38898	B4/B5 32439		B4 36310		
C1	C1 42212	C1 35439	GL 5 31648		Ex. Secr. 48914	
C2/C3	C2/C3 36635	C2/C3 30878		B3 32341	Ass./Secr., Senior 43745	
C4/C5	C4/C5 30919	C4/C5 25837	GL 4 28786	C5 27365	Ass./Secr., Junior 37897	
D1	D1 32109	D1 26859		C4/C3 24885		
D2/D3	D2/D3 28819	D2/D3 23846	GL2/GL3 24341	C2 23081	Usher 33167	

* Fixed salaries, not adjusted annually

Single staff

Corr. EU grade	UK-Perm Rep	UK-MAFF	DK-Perm. Rep	DK- nat.	GER-Perm.Rep.	GER-nat.	FR- Perm. Rep	FR-MAP
A1	Perm.Rep 142526		Perm. Rep 99144		B9 94253	B9 62017	Dep. Perm. Rep. 106234	Dir G (E) 60638
A2	Deputy Perm. Rep 142526			Dep. Secr. 44300	B6 88279	B6 55050	Counsellor 99335	Directeur 50478
A3	Counsellor 117161	Grade 5 55071	Deputy Perm. Rep. 98996		B3 82153	B3/A16 45418	Counsellor A3 99335	Sous Directeur 50478
A4/A5	Counsellor 117161	Grade 6/7 45883		Head of Div. 37476	A15 61552	A15 39476	Counsellor 88190	Adm. civil hors cl. 50478
A6/A7	First/ Second Sec. 66393	Grade 8 33606	Couns./SoE/Att. 59620	Sp.cons./HoS(1+2) 23767	A14/A13 55704	A14/A13 33966	Attache A6/A7 70835	Adm. civil 1ère cl. 46795
A8								Adm. civil 2e cl. 24976
B1					A12/A11 49257	A12/A11 27727	Secretary B1 42559	Sec. cl. Excellente 24119
B2/B3					A10 43440	A10 26447		Sec. cl. superieure 21900
B4/B5	Secretary, S1 41852	Grade 9 27267	Exec. Off. 38832	Higher Ex. Off. 21524	A9 39317	A9 22582		Sec. cl. normale 18999
C1	Secretary, S2 34481	Grade 10 22596			A8 37217	A8 21207	Secretary 35311	Adj. ad. pr. 1ère cl. 18239
C2/C3		Grade 11 17440			A7 31692	A7 20012	Secretary 32516	Adj. Adm. pr. 2e cl. 16897
C4/C5		Grade 12 14657		Executive Officer 16034	A6/A5 35492	A6/A5 18352		Adj.adm/Agent adm. 14855
D1	DS10/EAB 34418			Security officer 16300	A4 34982	A4 17192		
D2/D3					A2 34264	A2 16195		

Single staff		
Corr. EU grade	IT Perm. Rep	IT-MAP
A1		Dirigente Generale 34944
A2		Ex. Dir. Sup. 32101
A3	Primo Consigliere 107773	Ex. Primo Dir 24923
A4/A5	Consigliere 96207	Livello IX 17019
A6/A7	Primo Segretario 78639	
A8	QF VIII 72682	Livello VIII 15733
B1	QF VII 66920	Livello VII 14513
B2/B3		
B4/B5	QF VI 60795	Livello VI 13235
C1		
C2/C3	QF V 54475	Livello V 12250
C4/C5	QF IV 47667	Livello IV 11917
D1	QF III 43320	Livello III 11066
D2/D3		

Married staff	Comparative table - net annual remuneration of married staff with two children					
Corresponding EU grade	EU-exp.	EU - non-exp.	UN	NATO	EIB	Av. Multi-co.'s
A1	A1 135696	A1 109846		A7 116130	Director General * 167902	162732
A2	A2 124362	A2 101134	D2 98598	A6 108397	Dep. Director * 157107	140447
A3	A3 112517	A3 92029	D1 92319	A5 95817	Head of Division 128095	122060
A4/A5	A4/A5 91626	A4/A5 75685	P5 87130	A4/A3 77562	Senior Loan Off. 112920	84224
A6/A7	A6/A7 71318	A6/A7 59599	P4/P3 74476	A2 59272	Loan Officer 93492	75610
A8	A8 53174	A8 44805	P1/P2 57158		Managerial Ass. 82290	
B1	B1 75102	B1 62705	GL 7 44381	B6 54540	Adm. Assistant 65108	
B2/B3	B2/B3 61830	B2/B3 51885	GL 6 40980	B5 48316	Adm. Assistant 65108	
B4/B5	B4/B5 48818	B4/B5 41186		B4 44054		
C1	C1 52283	C1 44341	GL 5 37888		Exc. Secretary 65108	
C2/C3	C2/C3 46240	C2/C3 39337		B3 39738	Ass./Secr., Senior 59114	
C4/C5	C4/C5 39925	C4/C5 33988	GL 4 35074	C5 33711	Ass./Secr., Junior 52219	
D1	D1 41407	D1 35040		C4/C3 31079		
D2/D3	D2/D3 37671	D2/D3 31925	GL2/GL3 30706	C2 29219	Usher 47123	

* Fixed salaries, not adjusted annually

Married staff								
Corresponding EU grade	UK-Perm Rep	UK-MAFF	DK-Perm. Rep	DK- nat.	GER-Perm.Rep.	GER-nat. (Beamte)	FR-Rep.Perm	FR-MAP
A1	Perm.Rep 169224		Perm. Rep 123132		B9 120998	B9 74995	Dep. Perm. Rep. 130681	Dir G (E) 72176
A2	Deputy Perm. Rep 169224			Dep. Secr. 47261	B6 112678	B6 67172	Counsellor 123596	Directeur 60643
A3	Counsellor 141625	Grade 5 55579	Deputy Perm. Rep. 126192		B3 103636	B3/A16 55193	Counsellor A3 123596	Sous Directeur 60643
A4/A5	Counsellor 141625	Grade 6/7 46390		Head of Div. 40437	A15 87964	A15 47300	Counsellor 111582	Adm civil hors cl. 60643
A6/A7	First/ Second Sec. 88448	Grade 8 33898	Couns/SoE/Att. 85736	Sp.cons./HoS(1+2) 26482	A14/A13 80011	A14/A13 40351	Attache A6/A7 92645	Adm civil 1ère cl. 56008
A8								Adm civil 2e cl. 29185
B1					A12/A11 71693	A12/A11 32991	Secretary B1 60318	Sec. cl. Excellente 28164
B2/B3					A10 63422	A10 31564		Sec. cl. superieure 25389
B4/B5	Secretary, S1 62238	Grade 9 27559	Exec. Off. 62640	Higher Exec. Off. 24104	A9 58359	A9 27330		Sec. cl. normale 21869
C1	Secretary, S2 54385	Grade 10 22872			A8 55690	A8 25820	Secretary C1 51465	Adj. ad. pr. 1ère cl. 20996
C2/C3		Grade 11 17731			A7 54665	A7 24530	Secretary 48485	Adj. adm, pr. 2e cl. 19496
C4/C5		Grade 12 14948		Executive Officer 17998	A6/A5 53632	A6/A5 22776		Adj.adm/Agent adm. 17019
D1	DS10/EAB 54322			Security officer 18285	A4 53036	A4 21548		
D2/D3					A2 52189	A2 20484		

Married staff		
Corresponding EU grade	IT-Rep. Perm	IT-MAP
A1		Dirigente Generale 35776
A2		Ex. Dir. Sup. 32869
A3	Primo Consigliere 136116	Ex. Primo Dir. 25691
A4/A5	Consigliere 123057	Livello IX 17823
A6/A7	Primo Segretario 102395	
A8	QF VIII 95398	Livello VIII 16537
B1	QF VII 88476	Livello VII 15329
B2/B3		
B4/B5	QF VI 80936	Livello VI 14063
C1		
C2/C3	QF V 73051	Livello V 13078
C4/C5	QF IV 64741	Livello IV 12745
D1	QF III 59464	Livello III 11954
D2/D3		