

## Recommendation of the Group of Eminent Persons on the Statute for Members (May 2000)

**Caption:** In May 2000, a Group of Independent Eminent Persons submits a recommendation concerning the harmonisation of the Statute for Members of the European Parliament.

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## Recommendation of the Group of Eminent Persons on the Statute for Members

The 1976 Act concerning the election of the representatives of the European Parliament by direct universal suffrage should logically have led to the adoption not only of a uniform electoral procedure but also, and above all, of a single Statute for Members.

However, it has to be acknowledged that neither of these two schemes has yet come to fruition; this is a paradoxical state of affairs if one considers the new powers which Parliament has been granted by the successive revisions of the Treaties and by the consequent strengthening of Parliament as an institution embodying direct democratic legitimacy.

The European Parliament, in fact, has gradually moved from being a simple consultative assembly, as it was at the start of the ECSC, to being a genuine co-legislator, and no legislative act across virtually all the areas falling within the sphere of Community powers can see the light of day without Parliament being involved.

This increase in powers, and hence responsibilities, has also been reflected in a substantial increase in the complexity of procedures and, therefore, in the workload of Members of the European Parliament.

This state of affairs makes the disparities in the arrangements applicable to Members — disparities which are damaging to transparency and contrary to the principle of equality between Members — increasingly hard to justify.

Since the introduction of direct elections the statutory rights and obligations of Members of the European Parliament have been based on the coexistence of Community and national provisions, including the following:

the rules governing incompatibility (Article 6 of the Act of 20 September 1976);

the possibility for each Member State to lay down rules on incompatibility;

the right of free movement (Article 8 of the Protocol on privileges and immunities);

the rules governing immunities (Articles 9 and 10 of the above Protocol).

In the absence of a single Statute, a political agreement between the Member States has ensured that Members of the European Parliament are treated on the same basis as national MPs. Consequently, the parliamentary allowance received by Members of the European Parliament mirrors that received by the national MPs of the Member States in which they are elected. Considerable differences apply, as the European Parliament is by its nature different from a national Parliament bringing together the representatives of the people of a single country, elected according to a single set of rules and in a single national context.

The issue of establishing a single Statute for Members of the European Parliament, one genuinely linked to the very essence of the office of Member of the European Parliament and guaranteeing equality between all Members, was raised within Parliament immediately following the first direct elections. Steps taken included a working party on a Statute for Members, which was set up in July 1979, and a resolution calling on the Council to ‘decide on a common statute for the Members of the European Parliament in time for it to apply to the second term of Parliament’, which was adopted in 1983.

It should also be stressed that, prior to the entry into force of the Treaty of Amsterdam, there was no explicit reference to a Statute for Members of the European Parliament in the Treaties, and all the efforts made came to nothing.

During the Intergovernmental Conference which preceded the Treaty of Amsterdam, the European Parliament endeavoured to revive the debate, and its efforts bore fruit, because the Treaty of Amsterdam,

which was signed on 2 October 1997, for the first time makes provision for a legal basis for drawing up a Statute for Members of the European Parliament. Its Article 190(5) stipulates: ‘The European Parliament shall, after seeking an opinion from the Commission and with the approval of the Council acting unanimously, lay down the regulations and general conditions governing the performance of the duties of its Members.’

The European Parliament, anticipating to some extent the entry into force of the Treaty of Amsterdam, and in the light of the approaching fifth direct elections, conducted a lengthy, detailed debate which culminated in it delivering its opinion on the Rothley report and adopting a draft Statute for Members of the European Parliament by a large majority on 3 December 1998.

To summarise, the draft Statute reproduces the provisions which are already enshrined in European law (direct universal suffrage, immunity, period of office, independence of Members, etc.) and lays down uniform rules for allowances, to be determined according to objective criteria, Community tax arrangements and rules governing pensions, the reimbursement of expenses associated with holding parliamentary office and of medical expenses, the employment of staff and the use of technical resources.

The draft text was forwarded to the President of the Commission, the President-in-Office of the Council and the governments and parliaments of the Member States.

On 9 March 1999 the Commission adopted a draft opinion, which was adopted definitively on 1 May 1999.

The General Affairs Council, meeting in Luxembourg on 26 April 1999, reached political agreement on a text, but this diverged substantially from Parliament’s draft; some people even spoke of a text which had been rewritten by the Council.

On 5 May 1999 Parliament adopted a resolution on the draft Statute for Members of the European Parliament which confirmed its position of 3 December 1998 and summarised the fundamental differences with the Council (respect for the principle of equality between Members, the criteria for determining the parliamentary allowance, the pension scheme, the arrangements for reimbursement of expenses actually incurred, the safeguarding of retirement rights and entitlement to pensions acquired under national schemes before the entry into force of the new Statute, etc.).

The same resolution called for negotiations with the Council to be pursued and stated that Parliament hoped to reach an agreement as soon as possible.

The new Parliament deemed this issue to be a matter of priority, and on 27 October 1999 it confirmed the resolution of 3 December 1998 and the annexes thereto, and likewise that of 5 May 1999.

Many meetings with the Finnish and Portuguese Presidencies of the Council have taken place in a positive atmosphere, which has enabled progress to be made and the main remaining difficulties, including that of Members’ remuneration, to be identified.

The Committee on Legal Affairs and the Internal Market, to which the President referred the matter on 1 December 1999, was asked to draw up an opinion for the Conference of Presidents on the mandate and arrangements for setting up the group of external, independent experts as described in paragraph 2 of the resolution of 3 December 1998. That paragraph states that ‘before fixing, during the parliamentary term following adoption of the Statute, the parliamentary allowance for the exercise of the office of Member of the European Parliament, it shall commission a study by external, independent experts to assess, on the basis of objective criteria, the work of a Member of the European Parliament’.

The Conference of Presidents deliberated on that opinion, which was adopted on 14 February 2000, at its meeting of 17 February 2000, and decided to set up a Group of Independent Eminent Persons comprising Mr Ersbøl, former Secretary-General of the Council, Mr Klepsch, former President of the European Parliament, Mrs Rehn, former minister, former MP and former MEP, Mr Secchi, former Member of the

European Parliament, former Senator and former Vice-President of Bocconi University in Milan, Mr Subirats, former Senator and former longest serving member of the Court of Auditors, and Lord Williamson, former Secretary-General of the Commission and member of the House of Lords.

The Conference of Presidents noted the statements made by the Portuguese Presidency of the Council of Ministers and the inclusion of the Statute for Members in its programme as a matter of priority, and accordingly invited the group which had thus been set up to draft a recommendation on the actual remuneration to be paid to Members of the European Parliament within a timescale which would enable matters to progress during the first half of 2000.

The Group consequently scheduled its work to ensure that it could submit its recommendation early in the second half of May. It has also had the opportunity to acquaint itself with two studies commissioned by Parliament, the first designed to provide a description of the activities of a Member of the European Parliament and an assessment of those activities on the basis of the principles and methods used in the private sector, and the second to provide an overview of the actual position held by the remuneration associated with the activities of a national MP in the Member States in relation to the hierarchy of remuneration for other public offices and positions of responsibility in public service.

In accordance with its mandate, the Group has endeavoured to examine the work of the European Parliament and its Members, by making a number of comparisons with national parliaments, while not losing sight of the changes which are on the horizon (following enlargement, Parliament will have to become even more of a truly 'continental' parliament than it is now), and then reviewing, in the light of all the information available, all the types of financial support received by Members which may constitute a component of remuneration.

The Group has defined as its objective the introduction of a 'definitive' system of remuneration which will enable Members to perform their duties in comparable conditions, on the basis of the principles of the equality of all Members of the European Parliament, transparency, coherence and reference to real costs and expenses.

## **Chapter I. Description of the work of Members in today's Parliament**

The increase in Parliament's powers in the wake of the new Treaties amending the ECSC Treaty and the Treaty of Rome has resulted in the current Parliament, from the point of view of its role in the institutional structure and its new powers and responsibilities, having changed significantly from the parliamentary assembly of the early days of European integration.

These changes have obviously been reflected in an increased workload and hence the workload of Members, since the nature of a Member's activities and duties is heavily dependent on Parliament's prerogatives.

It should be pointed out, in this connection, that the European Parliament is now involved in exercising, or exercises fully, three fundamental powers proper to any parliament, namely legislative power, budgetary power and political control over the institutions.

The expansion of Parliament's powers over the course of time has meant a substantial increase in the number and complexity of procedures (particularly legislative procedures) handled and a reduction in the time available to do so, since the Treaties lay down a number of deadlines which must be complied with.

By way of introduction, and before embarking on a description of the work of Members of today's Parliament, it needs to be stressed that the characteristics of parliamentary office are the same for all Members, irrespective of the electoral system used in their countries. They all carry out the same parliamentary work in accordance with the rules governing the way in which Parliament operates.

### **1. Work in parliamentary committees**

As a general rule each Member serves on two standing parliamentary committees, as a full member of one and as a substitute member of the other. Plenary, acting on a proposal from the Conference of Presidents, establishes the standing committees and elects their members during the first part-session of the newly elected Parliament, and again two and a half years later (Rule 150 of Parliament's Rules of Procedure).

The role of the parliamentary committees (Parliament currently has 17 standing parliamentary committees) is to examine matters referred to them by Parliament or, during adjournments, by the President. In outline, it could be said that the committees prepare the ground for plenary, by preparing plenary reports and debates.

The committees appoint *rapporteurs*, whose role includes analysing specific proposals, drafting working documents and preparing reports and proposed amendments. After being voted on in committee a report will be placed on the plenary agenda. In this connection, it should be noted that some 30 to 35 reports, on average, are placed on the agenda for a Strasbourg part-session. It should also be noted that the Rules of Procedure provide that the power of decision may be delegated to a committee (Rule 62). It goes without saying that the amount of personal work involved on the part of a *rapporteur* is in proportion to the degree of (legal or technical) complexity of the matter in hand or the proposal which has been submitted, its implications and consequences and the sensitivity of the matter. *Rapporteurs* also become the preferred point of contact for lobbyists and, in general terms, for those with an interest in the subject of a report.

Practice has also led to the development of a particular role within parliamentary committees which requires extra preparation, time and monitoring, namely that of political group 'coordinator'. The coordinator's task is to maintain political cohesion among members of his/her political group belonging to the same committee. The role also entails a degree of involvement in decisions concerning the parliamentary committee itself (e.g. the allocation of reports among the political groups, the appointment of *rapporteurs*, the appointment and coordination of shadow *rapporteurs* or even the organisation of the committee's work).

Parliamentary committees are also a forum for the exchange of information, for debate and for contacts (organisation of hearings on specific topics, discussions with the Commission and the Council, meetings with delegations from national parliaments or with representatives of what has come to be known as civil society, etc).

## 2. Political group work

Within Parliament, Members (there are 626) may organise themselves into groups reflecting political affinities. There are at present eight political groups and eight non-attached Members.

In general terms it can be said that organisation in political groups enables work to be coordinated among Members and has helped power structures to emerge.

A significant portion of Parliament's workings stems from the political groups, in that they are involved in the political shaping of work and the conduct of part-sessions (allocation of speaking time, preparation of draft agendas by the Conference of Presidents, preparation of debates and votes, etc.).

Each political group determines its own *modus operandi*. There is a wide variety of possible configurations, since different types of meeting open to political group members are held. The following may be cited by way of example:

full group meetings, which take place at least twice a month;

meetings of specialist working parties, which cover one or more parliamentary committees;

coordination meetings, one of the purposes of which is to discuss information from parliamentary committees;

meetings of the national delegations making up a group;

study days to examine specific topics or future prospects;

meetings called in response to personal initiatives by group members, etc.

In this connection, in the absence, at present, of genuine European political parties, for which the Maastricht Treaty nonetheless provides, the political groups also have a major role to play in maintaining contacts with their counterparts in the Member States and national parliaments, thereby contributing to democratic debate and the exchange of information.

It is important for Members also to spend time on political group work, in the knowledge that the groups, in addition to shaping political debate, have a significant role in the workings of Parliament (speaking time in plenary, choice of speakers, appointment of *rapporteurs* in committee, access to positions of specific responsibility or to certain offices, etc.).

### 3. Relations with parliaments of non-Community countries

The European Parliament has always shown itself keen to help strengthen parliamentary democracy through interparliamentary dialogue. It may also be noted that many international agreements concluded by the European Union make explicit provision for such parliamentary cooperation, and have institutionalised it. This is the case, for example, with the association agreements with the countries applying for EU membership, and with partnership agreements. As a result, Parliament has 14 delegations to joint parliamentary committees and 20 interparliamentary delegations. The joint parliamentary delegations with the applicant countries constitute the parliamentary counterpart, as it were, of the current negotiations on enlargement. Mention should also be made of the ACP-EU Joint Assembly, currently comprising 71 Members of the European Parliament and 71 representatives of the African, Caribbean and Pacific countries which are signatories to the Lomé Convention, and which meets annually at one of the places of work of Parliament and in one of the partner countries. Membership of a parliamentary delegation also entails a number of preparatory meetings and meetings with MPs from non-Community countries, either in one of Parliament's places of work or in the countries concerned.

### 4. Part-sessions

It is in plenary that the very essence of parliamentary activity, i.e. participation in debates and votes, takes place. It is also the most visible aspect of parliamentary work, particularly so since Parliament has enhanced the transparency of work in plenary: debates and votes are public, and the progress of work and draft agendas are widely publicised, notably on the Internet.

The 12 part-sessions held in Strasbourg (one week per month), to which must be added the supplementary plenary sessions in Brussels (currently six, each lasting two half-days), actually bring together the various parliamentary activities, since many meetings are held on the fringes of plenary or outside it; as a result, Members have many claims on their time (political group meetings, various preparatory meetings, thematic intergroup meetings, visitors' groups, approaches by lobbyists, contacts with representatives of the press, etc.). If the additional difficulties created by having to travel to attend plenary sessions are taken into account, Members have to organise themselves and manage their time rigorously by setting priorities.

Members' activity during part-sessions consists in a succession of sittings entailing debates and votes. The part-session agenda adopted by Parliament thus provides for it to debate and vote on reports, to address topical and urgent subjects of major importance, to hear statements by the Commission and the Council and, once per part-session, to hold 'Question Time', when Members may put questions directly to Commissioners or to the Council.

Attendance at part-sessions is the expression of the prime responsibility of Members, namely that of adopting a position and exercising their right to vote. By way of information it may be noted that, under the rules that Parliament has set for itself, the general expenditure allowance and the subsistence allowance are each reduced by 50% if a Member fails to attend on more than 50% of the days laid down for part-sessions over a parliamentary year and by 50% for each day of a part-session on which a Member is absent from more than half of the roll-call votes held.

The wide range of reports debated and put to the vote, and the enormous scope for Parliament's involvement, make it difficult for Members to follow every debate in detail, and this enhances the importance of work in committee and political group work, the need for a degree of specialisation, and the amount of time required to acquire more familiarity with the wide variety of subjects or to seek detailed information about them.

Consequently, as is the case with national parliaments, Members of the European Parliament give priority to attending major debates and to participating in major votes and discussions relating to their remit and interests, but it is also possible for them to follow sittings in full, directly from their offices, on closed-circuit television.

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The details of the main parliamentary activities of Members come into sharp focus if they are expressed in terms of time.

It should be noted that the parliamentary year comprises 11 months' work, and that, in practice, the parliamentary calendar spreads working time over some 42 weeks.

The monthly part-sessions are preceded by a week of political group meetings and are followed by one and a half to two weeks of committee meetings.

Accordingly, if we wish to quantify the amount of work, we arrive at the following percentage breakdown based on the activities and working hours provided for by the parliamentary calendar:

Parliamentary committees: 37%  
Political groups: 26%  
Part-sessions: 37%

These figures are based on the fact that part-sessions are spread over five calendar days for Strasbourg and two for Brussels. The other meetings are usually concentrated within a period starting on Monday afternoon and ending on Thursday afternoon (or, in some cases, Friday morning), to allow for the travelling time needed by Members to reach Brussels or Strasbourg.

The 'geographical factor' must, therefore, also be taken into account, together with the difficulties that many Members experience in travelling to Strasbourg or Brussels. Those difficulties are estimated to an average basis of around 27 days; this average may be higher in cases where Members in view of their point of departure in peripheral regions spend considerable travel time to and from Parliament's different working places.

In order to give Members the opportunity to keep in touch with the public and their electorate, the calendar also makes certain periods available to them so that they can regularly carry out part of their political activities in the countries in which they were elected or in their constituencies. There are around 38 such days in 2000 (mostly Fridays and five weeks for constituency work).

## **Chapter II. Specific characteristics of the European Parliament as compared to the National**

## Parliaments

The figures given above should provide an idea of the specific nature of the European Parliament and, by the same token, of the work of an MEP.

The time remaining to MEPs once account is taken of the part-sessions, committee meetings and political group meetings should be used for preserving Members' links with the citizens and voters of their Member State or constituency, since this must be considered an inherent part of a Member's mandate and parliamentary responsibilities.

In the absence of a single electoral system, this aspect of a Member's work is particularly important in those Member States which operate a constituency-based system, in some cases very large and with particularly demanding electoral procedures.

The European Parliament is also not comparable with other parliaments given that it has three different places of work, a factor which affects the organisation of its Members' activities.

The specific nature of the European Parliament derives not only from its particular role in the EU's institutional architecture, but also from the fact that it is the only one of the institutions which is directly legitimated by democratic election: all told, MEPs represent over 375 m inhabitants of the Union.

Furthermore, the European Parliament does not have a 'parliamentary culture' comparable to that which exists in a national parliament. New MEPs arrive already influenced by their own national constitutional, political, legal and parliamentary traditions, and it is thus necessary to create an adapted framework of reference to enable the necessary rules, references and areas of understanding to be evolved.

As has been pointed out in the introductory remarks, many of the rules remain directly tied to national rules (e.g. in the case of parliamentary immunity).

The relations between the EU institutions and the resulting institutional framework also exhibit a significant difference vis-à-vis the Member States. The European edifice is not based on the premise of a parliamentary majority that sustains the work of a government.

The geographical dimension, considering the Member States taken as a whole, and the problems outlined above relating to distances and travel, also mean, in the opinion of some, that while there are certainly arguments in favour of alignment with national parliamentary practice, there are also lessons to be learned from other 'continental-scale' parliaments such as the US Congress or the Canadian and Australian parliaments.

This point will no doubt appear even more relevant if the projections for the future are to take the coming enlargements into consideration.

In general, under present conditions it may be stated that being an MEP is a highly particular activity, since a Member's duties require his presence both at the European Parliament itself and in his country of election, while he may also have to travel in representation of Parliament to different Member States or outside the Union.

At all events, an MEP has to travel at least once a week, and, indeed, Members from regions which are not served by the major communications networks or from remote or rural areas often have to travel on Sunday evening.

Another element to be taken into account is the multicultural and, especially, multilingual nature of the European Parliament, by reason of which Members have to work in more than one language or, at the least, make efforts to improve their language skills.



Summing up, an MEP's duties involve constant official meetings, a high level of organisation, and openness to the world combined with an obligation to be present in his Member State of origin.

### **Chapter III. Principles and applied method**

The three principles by which we have been guided throughout our deliberations on the remuneration of Members of Parliament are simple: no concealed remuneration, transparency and comprehensibility.

The first principle is the most important. The remuneration we are proposing is based on the premise that Members receive a single remuneration and that no additional allowance having the character of a remuneration is paid to Members of the European Parliament. Allowances must therefore be used strictly to reimburse expenses that have actually been incurred, and nothing more.

Transparency means that all texts affecting Members' remuneration and allowances must be readily accessible to the general public, preferably on the Internet.

Comprehensibility means that the average member of the public is able to understand without difficulty how the system operates and what it entails.

We recommend that the European Parliament put these principles into practice when it definitively adopts its Statute for Members.

The parliamentary allowance we are going to suggest is subject to the condition that any element of remuneration which the present allowance system might contain (e.g. lump sum travel allowance and general expenditure allowance) is stamped out.

The net parliamentary allowance will result from the deduction of various items, such as tax, contributions to the pension scheme as well as to sickness and accident insurance, from the gross parliamentary allowance.

All factors and circumstances determining the gross and net parliamentary allowance will be examined in turn in the following chapters.

### **Chapter IV. Cost oriented allowances, a prerequisite for any recommendation for the gross parliamentary allowance (salary)**

Our proposal for the parliamentary allowance is based on a premise which we reiterate here: the remaining allowances should not contain any element of remuneration.

We shall therefore outline those changes to current arrangements governing the remaining allowances we deem necessary, having noted that the earlier scheme criticised by the Court of Auditors in 1998 has undergone a positive development.

#### **1. Lump sum travel allowance**

The present lump sum travel allowance scheme ought to be reorganised in order to become a strictly cost-oriented reimbursement scheme for costs actually incurred by Members.

Only air and train travel costs actually incurred by the MEP and proved by supporting evidence should be reimbursed. Provision may be made for a per-kilometre rate to cover travel between the point of departure and the closest appropriate airport or railway station. In the case of car travel, competent Parliament bodies should find an appropriate cost-oriented solution (sum per kilometre travelled).

The European Parliament administration would be in a position to ensure proper operation of such a system.

## 2. Complementary travel allowance

Members receive an allowance of up to EUR 3000 per year to meet the costs incurred in travel undertaken in the performance of their duties, subject to presentation of supporting documents.

## 3. Daily subsistence allowance

The subsistence allowance (better known as the daily allowance), last amended by the Bureau decision of 3 May 1999, is basically paid for each day of a meeting of an official organ. It currently stands at EUR 240 per day.

Under the current rules, the subsistence allowance is reduced by 50% for each day during which a Member has been absent for more than half of the roll-call votes taken during part-sessions. The Group approves this way of motivating Members to take part in votes and suggests that the daily allowance be reduced by 75% if a Member is absent for more than three-quarters of the roll-call votes taken during part-sessions.

As the travel allowance, in the form suggested above, will become strictly cost-oriented, provision should be made that Members who, due to specific difficulties linked to their place of residence, have to meet travel arrangements compelling them to leave and/or arrive one day before an official meeting are entitled to a daily allowance for the day they are travelling.

The amount and the adjustment mechanisms of the daily allowance should be made accessible to the public.

## 4. General expenditure allowance

This lump sum allowance is intended to cover a range of expenses incurred in direct connection with Members' parliamentary activities, such as office rent, the purchase of office equipment, postage and telephone charges, the cost of purchasing books and periodicals, costs relating to fax machines, computers, Internet facilities, other information technologies, etc. It currently stands at EUR 3385 per month. The Group has acknowledged that under the existing rules the payment of this allowance is subject to Members' participation in more than 50% of part-sessions.

The problem of the current practice is that no documentation whatsoever relating to the use of the money is required. On the other hand, complete documentation of expenditure would constitute a considerable administrative burden for both the MEPs and the European Parliament administration.

As a compromise, we therefore insist that this allowance shall remain related to a defined list of items covered and that supporting evidence proving correct use of at least 50% of the money paid as general expenditure allowance be supplied once a year. Should, in the framework of these ex-post controls, less than 50% be justified by supporting evidence, payments relating to the subsequent period would be reduced by the percentage corresponding to the 'justification gap'. A Member who has supplied evidence relating to just 25% of the allowances would thus receive only 50% of the allowance in the subsequent year. A Member failing to submit any statement at all would not be eligible for the general expenditure allowance in the subsequent year.

## 5. Secretarial assistance allowance

With the sole purpose of assisting an MEP, the secretarial allowance is intended to cover the expenses arising from the employment or the engagement of the services of one or more assistants on the basis of a registered contract.

The European Parliament pays for contracts of employment or for the provision of services concluded by Members with assistants. Payments made by Members in their capacity as employers, such as social security, taxes and pension contributions may be reimbursed to them only on production of duly receipted original documents. The amount corresponding to the assistant's remuneration is paid directly to the assistant or, under certain conditions, to a 'paying agent'. Members may employ as many assistants as they wish on condition that the total of the payments to be reimbursed and made by virtue of the contracts concluded does not exceed the maximum monthly amount of EUR 9765.

The conditions for granting the secretarial allowance have been tightened up in April 2000. On that occasion, the Bureau introduced measures aimed at ensuring that the secretarial allowance is paid only for work actually carried out and that the social legislation applicable is complied with.

We consider that, pending a statute for assistants founded on an appropriate legal basis, these arrangements, if faithfully implemented, represent some progress. The principle to be applied for forthcoming revisions is that payments should only be made from Parliament directly to the assistants.

We nevertheless insist that a register of assistants and of contracts concluded shall be made accessible to the general public.

## 6. Assessment

We take the view that it is for Parliament to ensure that the allowances referred to in this chapter do not contain any element of remuneration for Members.

## Chapter V. Taxation

Equal pay for equal work is one of the basic concepts of the European Union.

If an equal net remuneration is to be achieved, it seems clear that this result can only be achieved by applying a single taxation formula, namely Community taxation.

The time has surely come to move to a single system of Community financed parliamentary allowances subject to the full system of Community tax. Thus the parliamentary remuneration of MEPs would cease to be set at different levels and would not be charged to individual Member States' budgets.

### 1. The Community tax

The concept of Community taxation means that Regulation (EEC, ECSC, Euratom) No 260/68 concerning the tax payable to the European Communities (as most recently amended by Regulation No 2459/98) would be applicable to the remunerations and pensions paid by the Communities to MEPs, under the conditions specified.

We would stress here that the starting-point remains the assumption that the other allowances (daily allowance, travel allowance, general expenditure allowance, etc) do not include any element of remuneration and should therefore not be subject to any taxation.

However, this regulation does not apply to any other income of MEPs. For such income, they are taxable in their country of residence.

### 2. The temporary contribution

We consider — contrary to the position expressed by Parliament in its resolution of 3 December 1998 —

that the 'temporary contribution' established by Regulation No 3831/91 should also apply to MEPs. It does not seem justifiable that this contribution should apply to Commissioners, Judges of the Court of Justice and Members of the Court of Auditors and EU civil servants but not to Members of the European Parliament.

### 3. Legal considerations on the relations between Community taxation and national taxation

It appears illogical that the Community budget should pay salaries which are then taxed by Member States. If the salary were paid from the EC budget, exempted from national taxation and subject to Community tax (i.e. the situation that would be created by the adoption of a definitive Statute for MEPs), then the proceeds of the Community tax would have to be entered as revenue in the Communities' budget.

It is important to recognise that Community taxation, which increases by income bands up to 45%, does not give the same possibilities which exist under most national tax systems for taxpayers to reduce their tax liability, in particular by means of offsetting losses against profits and application of tax deductions.

It should also not be forgotten that parliamentary remunerations shall no longer be paid from the budget of the Member States.

Under the suggestions laid out here, MEPs would only be exempt from national taxes on the remuneration paid by the Communities, but any other national taxation rule would continue to apply, such as levies and fees, succession tax, value added tax (VAT), tax on income from other sources than the parliamentary mandate (real estate, dividend payments, other professional activities, pensions derived from other professional activities, etc), certain regional and local taxes...

### 4. The question of Community taxation and the provision of regional and local services

In some Member States, certain benefits provided by regional and local authorities, especially health services, are financed by regional and local taxes calculated on the basis of income. Some of these taxes could no longer be applied to MEPs who might yet continue to benefit from those services offered by regional and local authorities.

The Group has considered whether it might be possible to find a budgetary solution to this issue by suggesting the creation of a special expenditure line in the EU budget equipped with the same amount yielded through the temporary contribution paid by MEPs.

## Chapter VI. Pensions

Pensions represent a delayed remuneration from which former Members benefit from a certain age. Their funding, being based on contributions, places a burden on the income of active Members.

Reconciling these two aspects requires constant efforts to maintain a balance with regard to the retirement pension scheme for Members.

### 1. Pensions, a delayed remuneration

Given that pensions represent a delayed remuneration, they should correspond to a certain percentage of the remuneration accruing to them when they were active Members.

In its resolution of 3 December 1998 Parliament laid down three main principles with regard to pensions:

1. The pension shall be payable as from age 60;

2. The amount of the pension shall be, for each full year in which the Member of the European Parliament was in receipt of the parliamentary allowance corresponding to his/her duties, 3.5% of the parliamentary allowance, up to a maximum of 70%;

3. The pension shall be subject only to the tax payable to the European Communities.

We agree with the principles set out under (2), but with one modification:

Provision should be made for a minimum term of office of five years before a Member becomes entitled to the pension. Members who do not fulfil that condition with regard to the minimum term of office would be entitled to reimbursement of their and Parliament's contributions to the pension scheme, and interest on these contributions at the rate of 3.5% per annum.

Alternatively, they could be permitted to pay the (Member's and Parliament's) contributions corresponding to the additional period necessary for the accomplishment of 5 contributing years.

In the event of reimbursement of contributions, the amounts concerned should be subject to Community tax.

We consider that the pension, too, should be subject to Community tax but not to the temporary contribution, which applies only to active officials, Judges, Commissioners and Members of the Court of Auditors.

However, we believe that the pension should generally be payable as from age 65. Provision should also be made for an explicit rule allowing anticipated retirement at the age of 60 by means of a correction to the amount payable on the basis of actuarial calculations.

## 2. Survivors' pension

The Group is of the opinion that the surviving dependants (widow, widower, partners — subject to national provisions — and children) of an MEP or a former MEP should be entitled to benefit from a survivor's pension, regardless of whether or not the MEP has pension rights or the former MEP is entitled to a pension. Other earnings of the survivors would, of course, have to be offset.

## 3. Annual adaptation of pensions

Pensions should be calculated on the basis of the last parliamentary allowance a former MEP has received. This amount should be updated by the same mechanism applying to former Judges, Commissioners and Members of the Court of Auditors.

## 4. Members' contributions to their pension

The resolution of 3 December 1998 made no provision for any contribution from Members.

This corresponds to the pension systems for German, Danish, Finnish, Swedish and Spanish Members of Parliament.

In all the remaining Member States, members of the national parliament contribute to the funding of their pensions to a greater or lesser degree.

### (a) The contributory principle

This situation leads us to the conclusion that provision should be made both for a contribution from

Members and a contribution from the European Parliament. In our opinion, MEPs should contribute one-third, the remaining two-thirds being borne by Parliament.

#### (b) Contribution rates

We believe that contribution rates should be determined on the basis of proper actuarial calculations. We have therefore adopted a hypothesis which we consider plausible, as follows:

EC officials contribute to their pensions with a rate of 8.25% of their basic salary. This enables them to acquire pension rights of approximately 2% of their last basic salary per year. Under the proposals set out above, MEPs would acquire a pension right of 3.5% of their last basic salary per year. Given this higher acquisition rate, it appears fair that MEPs contribute to their pension scheme with a rate of approximately 12% of their gross parliamentary allowance.

The working hypothesis will therefore be that the rates will stand at 12% (MEP's contribution) and 24% (Parliament's contribution) respectively.

Those rates will be subject to adjustments on the basis of actuarial principles and in line with the definitive choice of pension system.

### **Chapter VII. End of mandate transitional allowance**

End-of-mandate transitional allowances (also known as end-of-service allowance or severance pay) are granted to former Members whose pension is not yet payable. Such arrangements are necessary in order to enable former MEPs to find a new job. It should be noted that the sudden end of a political career often requires complete professional reorientation.

The precise conditions of such a transitional allowance still remain to be determined. Parliament, in its resolution of 3 December 1998, proposed an entitlement to an end-of-service allowance equivalent to the parliamentary allowance, payable for one month per year of membership of the European Parliament, but not for less than six months or more than 12 months. The Group proposes that the minimum period referred to should be reduced to three months.

We suggest that the following conditions be applied:

MEPs should not continue to acquire additional pension rights in the period during which the transitional allowance is paid.

The allowance should be subject to Community tax. The rate applied should be the same, independently of whether the allowance is paid as a single amount or by monthly instalments.

The MEP and his family should also benefit from sickness and accident insurance on a complementary basis during the payment period of the allowance subject to the payment of the corresponding contributions during this period.

As proposed by the European Parliament, any remuneration or pension derived from membership of another parliament or a public office should be offset.

MEPs who would be entitled to their parliamentary pension immediately after the end of their mandate should first benefit from the end-of-mandate transitional allowance (without benefiting under the pension scheme) and then start drawing their pension.

### **Chapter VIII. Sickness insurance and accident insurance**

Under the resolution of 3 December 1998, Members and former Members in receipt of a pension are entitled

to reimbursement of the expenses arising from sickness, pregnancy or the birth of a child.

In addition, 'Members shall be entitled to insurance cover against the risks linked to the performance of their duties'.

This approach, adopted by Parliament itself, is without doubt a reasonable one.

We have based our considerations, particularly with regard to calculating salaries, on the hypothesis that Members would contribute one-third to the funding of the sickness insurance scheme and the accident insurance scheme, with rates being fixed at 1.7% and 0.1% respectively. It goes without saying that those rates might change over time.

Members would thus be in a similar situation to Judges, Commissioners and Members of the Court of Auditors as regards their insurance against the risks of sickness and accident.

Like these, they should be covered against the same risks (sickness, accident) as long as they benefit under the pension scheme or from the transitional allowance subject to the payment of the corresponding contributions for this period.

On the other hand, the surviving dependants (widow, widower, partners — subject to national provisions — and children) of an MEP or a former MEP should, as in the case of former judges, be entitled to sickness insurance cover on a subsidiary basis even if the former MEP was not yet in receipt of a pension.

## **Chapter IX. Other social aspects**

Other social aspects such as invalidity pensions, referred to in Parliament's resolution on the Members' Statute of 3 December 1998 and a fund for cases of exceptional hardship have not been considered by the Group. This does not mean that we have any objection to these ideas. We simply took the view that an in-depth analysis was not needed for our purpose, which was to determine the monthly salary.

## **Chapter X. The parliamentary allowance (salary)**

### **1. Determination of the gross parliamentary allowance**

The basis of comparison for the new gross parliamentary allowance to be suggested is the weighted average of all existing gross parliamentary allowances. The most recent calculation (May 2000) gives an average of EUR 6225.76.

For the determination of the gross parliamentary allowance, the Group has, in the first place, taken account of the particular nature of a MEP's duties as compared with those of a national parliamentarian.

The special nature of the duties of a MEP is conditioned in particular by the high frequency of parliamentary meetings, the often large size of MEPs' constituencies, the substantially enhanced role of the European Parliament following the extension of application of the codecision procedure, the complexity of the EU's decision-making process, the particular demands of a multicultural and multilingual environment, the requirement of constant travel, and the necessity to follow political developments in all Member States, not just in the home State. Indeed the European Parliament is a continental parliament.

The remuneration offered should be such as to attract persons of a level of qualification that enables them to carry out these duties successfully.

One cannot, at the same time, ignore the inconveniences, in some cases quite serious, arising from the fact of being an MEP, in particular time swallowed up by travelling and other travel-related inconveniences and problems of adaptation to changing places of work and residence (Members' constituencies, Strasbourg,

Brussels, national capitals).

The Group concludes that the particular nature of an MEP's duties as compared with those of a national parliamentarian merits appropriate recognition. Substantial inconveniences also call for compensation.

## 2. The transitional model of the 3 December 1998 resolution

It should be clear that the 'operational' parts of the draft statute adopted — and twice confirmed — by Parliament were designed purely with application over a transition period in mind.

A basis of comparison is the equivalent to the 'annually updated average parliamentary allowance received by all Members from the national parliaments at the time of adoption of the Statute'.

There was no provision for Members to contribute to the funding of their pensions. The same applied to the scheme for the reimbursement of medical expenses. The parliamentary allowance was 'subject only to the tax payable to the European Communities'.

This meant that the only tax deduction allowed for concerned the 'tax payable to the European Communities' (under Regulation [EEC, ECSC, Euratom] No 260/68, as most recently amended by Regulation No 2459/98), with no account being taken of the 'temporary contribution' established by Regulation No 3831/91.

The application of the Community tax, to the sum of EUR 6226 (updated average as of May 2000) and after the 10% reduction in respect of professional and personal expenditure pursuant to Article 3(4) of Regulation No 260/68, yields a net remuneration of EUR 4843. This provides Parliament's starting-point.

It should be made clear that this gross figure is only a 'snapshot', resulting from the application of the suggested formula in May 2000. As parliamentary allowances paid by the Member States evolve, the figure will necessarily change too.

As Parliament has made it clear that the average of the 15 allowances was a purely transitional solution and as the Group has proposed other changes, this approach has not been adopted.

## 3. The calculation of the parliamentary allowance

Without ignoring the current situation, the Group considers that it is also important to take account of the following points:

1. the Group is proposing new controls on travel expenditure and on the general expenditure allowances as well as greater transparency for the secretarial allowance. It is inevitable that in practice this will affect the current remuneration of Members of Parliament.
2. contrary to Parliament's own proposal in the draft statute, the Group is proposing a contributory pension scheme, contributions from Members to the sickness and accident insurance schemes and payment of the temporary contribution which is also levied on the salaries of Judges of the Court of Justice, Commissioners, Members of the Court of Auditors and European Union civil servants.
3. an average of the current parliamentary allowances would mean that a substantial number of Members, particularly from the large Member States, would face a pay cut. This would not be a fair basis for a definitive solution.

The Group considers therefore that a figure for the parliamentary allowance which takes account of these considerations would be justified. In the view of the Group, it is right to look at the likely net figures, as well



as the gross figures, since if the Group's recommendations are followed, additional costs beyond those foreseen in Parliament's draft transitional statute would fall on Members.

The Group has been able to establish the considerations leading to a basis for a decision by the Parliament and Council on the future parliamentary allowance. This would produce an amount of EUR 7420 per month, based on the average of the current parliamentary allowances for Members from the four largest Member States. The Members elected in those four Member States (360 Members) represent more than half of the European Parliament (626).

Some members of the Group, however, stressed the future responsibilities of the Parliament and its role in a Europe of a larger scale requiring some additional consideration. Indeed, taking into consideration the specific nature of the activities of the MEPs, implying a particular burden as well as the constraints linked to the current and future strengthening of the EP, these members take the view that the statute introducing a single salary should provide for an allowance of a level which will remain appropriate also in the future. In the light of this consideration these members expressed the view that an additional monthly amount should be provided for in the order of EUR 1000.

The agreed figure of EUR 7420, with the addition of the EUR 1000 suggested by some members of the Group, shows a variation of about 6% on each side of EUR 8000.

#### 4. Rejection of the notion of applying correction factors to the parliamentary allowances

In view of the variations in the actual purchasing power exerted by a single allowance in the different Member States, a correction factor is applied to the salaries of officials serving away from the seats of the institutions.

After discussing this problem in detail, the Group rejected the notion of applying this practice to MEPs' allowances, on the grounds that there is a need for maximum clarity. Parliament has never asked for a correction factor to be applied, and, besides, no amendment on the subject has been tabled in plenary.

On the other hand, the Group is in favour of applying correction factors to pensions drawn in the Member States, subject to the condition that such a mechanism still exists for EC officials at the date of entry into force of the definitive Members' Statute. Retired Members have to face different costs of living in the various Member States, and this ought to be taken into consideration as a matter of fairness as they will usually spend their retirement exclusively in one and the same State.

#### 5. Formula for the annual adaptation of remunerations

The Group is in favour of applying an established and well-functioning method in order to update annually the Members' gross parliamentary allowance. This method should be the one applied to European Union civil servants. The method is currently based on the following steps: the changes in the cost of living in Brussels, the economic parities between Brussels and the other places of employment in the Member States and changes in the purchasing power of salaries in the national civil services are established objectively by Eurostat. The Parliament will need to set up an autonomous system along these lines.

#### 6. 'Positive differentiation' for certain positions of responsibility

We consider it desirable that differentials in remuneration levels should exist for certain office-holders.

#### 7. 'Negative differentiation'

As already pointed out in chapter IV the daily allowance is currently reduced by 50% for each day during which a Member has been absent for more than half of the roll-call votes taken during sittings of the part-sessions. We have already suggested that the daily allowance should be reduced by 75% if a Member is absent for more than three-quarters of the roll-call votes. In addition to the current rules under which payment of the general expenditure allowance is cut by half where a Member participates in less than 50% of sittings of the part-session, we suggest that this allowance is to be proportionately reduced if a Member fails to submit documentation attesting to the correct use of at least 50% of the allowance.

We would like to encourage the European Parliament to further develop its negative differentiation system.

The Group has not made any specific recommendations as regards the time when the single European statute for MEPs should come into force. In any case, the Group is of the opinion that the entry into force should take place no later than the beginning of the next legislative period. The European Parliament and the Council should therefore conclude necessary preparations in due time.