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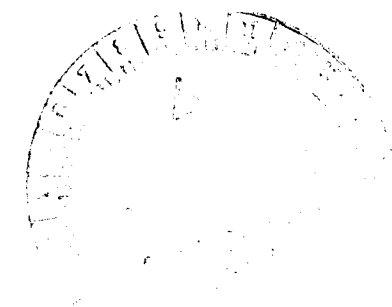
COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 449 final.

Brussels, 14 July 1982

REPORT FROM THE COMMISSION TO THE COUNCIL

on the utilization of sums available for granting building loans
to officials of the European Communities over the period 1 January
to 31 December 1981



COM(82) 449 final.

REPORT TO THE COUNCIL ON THE UTILIZATION OF SUMS AVAILABLE
FOR GRANTING BUILDING LOANS TO OFFICIALS OF THE
EUROPEAN COMMUNITIES OVER THE PERIOD 1 JANUARY
TO 31 DECEMBER 1981

INTRODUCTORY NOTE

This is the ninth report drawn up by the Commission. It covers the period from 1 January to 31 December 1981 and is in five parts:

- I. Background
- II. Work of the Loans Committee
- III. Utilization of funds in 1981
- IV. Conclusions

Attached to the report are tables showing the number of loans granted, the number of officials involved and the location of the properties financed in each reporting period.

I. BACKGROUND

The funds drawn on by the Commission to make building loans available to Community officials come from the old ECSC Pension Fund.

1. ECSC Pension Fund

A. Origin and development

The ECSC Pension Fund was set up on 1 July 1956 under the ECSC Staff Regulations drawn up by the Committee of Presidents on 28 January 1956 (these remained in force until 31 December 1961) and a general Community regulation.

This Pension Fund belonged to the ECSC. It was managed by the High Authority until the Merger Treaty came into force and thereafter by the single Commission.

Ownership of the Fund was not affected by the new Staff Regulations which applied from 1 January 1962 to 4 March 1968 or by the Merger Treaty, Article 24 of which, however, required the Council to prepare a common set of Staff Regulations.

These were adopted by the Council on 29 February 1968 (Regulation No 259/68) and came into force on 5 March 1968.

From that date officials' pensions became part of the budget. Contributions are now entered as a revenue item in the general budget and payments as expenditure.

Article 83 of the new Staff Regulations includes the following special provisions:

"The employment of the funds for the former pension scheme referred to in Article 83(1) of the former Staff Regulations of the European Coal and Steel Community shall be decided upon by the Council acting by a qualified majority on a proposal from the Commission after consulting the Staff Regulations Committee."

After consulting the Staff Regulations Committee the Commission proposed to the Council that part of the funds should be used to make building loans available to Community officials.

On 2 March 1970 the Council took the following decision:

"The sums entered in the ECSC balance sheet under "Pension Fund", now managed by the Commission, shall be used by the Commission as follows:

- (a) up to 40% shall be made available as building loans to officials of the Communities as part of a housing policy;
- (b) up to 60% shall be used to cover retraining commitments under Article 56 of the ECSC Treaty and to grant loans at reduced rates of interest for the purposes of the social and economic objectives of the ECSC Treaty in accordance with the terms of the financial operations provided for therein."

B. Size of ECSC Pension Fund

At 30 June 1968 the assets of the Pension Fund totalled 25 509 351 u.a. viz.:

contributions from officials	6 540 872 u.a.
contributions from the institutions	18 364 022 u.a.
interest	604 457 u.a.

Between 1974 and 1976 the Pension Fund was augmented by a contribution of 7 000 000 u.a. from the new Member States under Protocol No 24 to the Accession Treaty (12.1% of their total contributions of 57 713 000 u.a.) and in 1981 by 48 400 u.a. (from Greece, being 12.1% of its total contribution of 400 000 u.a.).

C. Loans by ECSC High Authority

Following a decision taken by the High Authority on 18 December 1963, part of the Pension Fund's assets were used to top up loans made to officials covered by the ECSC Staff Regulations for the construction, purchase or conversion of a dwelling.

This decision allowed up to 10% of the Pension Fund's assets to be used for this purpose. The High Authority granted loans totalling 2 541 970 u.a. to 225 officials at an interest rate of 3.50%.

2. New implementing provisions from 17 June 1971

Following the Council Decision of 2 March 1970 authorizing the Commission to use 40% of the ECSC Pension Fund for loans to officials, the Commission, after consulting the Council, adopted implementing provisions.

The basic principle was that the funds should be "revolving", that is to say that loans should be made available not only from the initial sum (40% of the Pension Fund) but also through the immediate redistribution of sums repaid monthly by borrowers (capital plus interest).

The interest rate was fixed at 4%. This can only be changed with the agreement of the Council.

The loans are guaranteed by:

death and invalidity insurance;

assignment of salary or retirement pension;

assignment of severance grant;

prohibition of any mortgage without the Commission's prior written consent;

limitation of the financial commitment entered into by the borrower.

The Commission undertook to grant a total of not less than Bfrs 50 000 000 in loans each year.

Because a large number of loan applications could not be satisfied in 1971 and 1972, the Commission decided to increase the social emphasis of its lending policy by introducing priority criteria reflecting the financial situation and family responsibilities of applicants.

Since then the Commission has been able to grant a number of loans each year. The number of loans should be increasing in theory but in practice expansion is being slowed down by the impact of increases in the cost of living.

There is also a considerable disparity between the funds available and the number of officials employed by the institutions.

3. Loans from budget appropriations

This is why the Commission asked the Council again and again from 1973 onwards to make funds available under the budget. The Council steadfastly refused.

In 1976, however, Parliament authorized the insertion of a one-off appropriation of 1 000 000 u.a. in Chapter 14. Receipts (capital repayments plus interest) were to be entered under Chapter 99 (Other revenue) and so, unlike the ECSC Pension Fund assets, do not constitute a revolving fund.

These budgetary funds were used to the full in 1976, enabling 67 loans, totalling Bfrs 49 999 994, to be granted.

Receipts (capital repayments plus interest) are entered in Chapter 99 each year. The amount outstanding at 31 December 1981 was Bfrs 38 192 876.

II. WORK OF THE LOANS COMMITTEE

The Loans Committee was established by Commission decision on 19 May 1971 and became operational when the implementing provisions adopted by the Commission came into force on 18 June 1971.

It is a fully representative body, half its members being appointed by the institutions and half by the various Staff Committees.

After a running-in period in 1971, it began to vet loan applications as these were submitted. This exercise revealed that some of the implementing provisions were open to interpretation.

The Legal Service was consulted and some provisions were amended to facilitate their application.

Before long the Committee became aware of the need to apply priority criteria reflecting the family responsibilities and financial situation of applicants.

Three systems for identifying applicants with the strongest social claims to assistance were devised.

The latest, which has been operating since 1976, is the most selective and takes into consideration:

- (a) the location of the property to be financed;
- (b) the applicant's age and family responsibilities;
- (c) the applicant's financial situation.

The Committee held four ordinary meetings in 1981 and considered more than 350 applications.

On the basis of the priority criteria, it approved 111 applications and rejected 3.

III. UTILIZATION OF FUNDS IN 1980

A. General administration

	In 1981	Since 1 August 1971
(a) Applications lodged	140	2 944
(b) Loans granted	111	1 894
(c) Loans refused	3	80
(d) Applications withdrawn	-	719
(e) Applications pending	26	248

B. Financial administration

(a) Receipts Bfrs 114 390 244

Loans redeemed Bfrs 59 617 180

Interest Bfrs 36 365 736

Repayments (death,
invalidity, etc.) Bfrs 18 407 328

(b) Loans granted Bfrs 117 710 219

(c) Outlook for 1981

Receipts are estimated at Bfrs 120 000 000; this should make it possible to grant about 120 loans.

(d) It will be remembered that 67 loans were granted from budget appropriations (Article 145) in 1976. The total sum involved was Bfrs 49 999 994.

(e) Receipts entered under Article 990 of the 1981 budget came to Bfrs 2 051 250 for redemptions, Bfrs 1 577 290 for interest and Bfrs 516 887 for advance repayments.

(f) The capital sum outstanding at 31 December 1981 was Bfrs 38 192 876.

IV. CONCLUSIONS

1. New applications in 1981 totalled 140.
2. During the year 111 loans, totalling Bfrs 117 710 219, were granted.
3. The obligation imposed by the Council to distribute a minimum of Bfrs 50 000 000 a year was therefore respected.
4. On 31 December 1981 251 applications were pending.
5. The ceilings set in June 1971 have been raised as follows over the years in line with increases in the Belgian retail price index:

On 17 June 1971:	Bfrs 600 000 + Bfrs 50 000 per child
On 1 May 1972:	Bfrs 630 000 + Bfrs 52 500 per child
On 1 December 1972:	Bfrs 660 000 + Bfrs 55 000 per child
On 24 January 1974:	Bfrs 693 000 + Bfrs 57 750 per child
On 1 April 1974:	Bfrs 727 650 + Bfrs 60 638 per child
On 1 August 1974:	Bfrs 764 033 + Bfrs 63 670 per child
On 1 January 1975:	Bfrs 802 235 + Bfrs 66 854 per child
On 1 July 1975:	Bfrs 842 347 + Bfrs 70 197 per child
On 1 January 1976:	Bfrs 884 464 + Bfrs 73 707 per child
On 1 October 1976:	Bfrs 928 687 + Bfrs 77 392 per child
On 1 July 1977:	Bfrs 975 121 + Bfrs 81 262 per child
On 1 October 1978:	Bfrs 1 023 877 + Bfrs 85 325 per child
On 1 November 1979:	Bfrs 1 075 071 + Bfrs 89 591 per child
On 1 August 1980:	Bfrs 1 128 825 + Bfrs 94 071 per child
On 1 April 1981:	Bfrs 1 185 266 + Bfrs 98 775 per child

Ceilings have been raised by no more than 97.54% although the ABEX index of building costs shows an increase of 172.26% between 1 November 1971 and 1 November 1981.

Table 1.

Loan applications since 1 August 1971

	1/8/71 to 31/7/73 (24 months)	1/8/73 to 31/7/74 (12 months)	1/8/74 to 31/7/75 (12 months)	1/8/75 to 31/12/76 (18 months)	1/1/77 to 31/12/77 (12 months)	1/1/78 to 31/12/78 (12 months)	1/1/79 to 31/12/79 (12 months)	1/1/80 to 31/12/80 (12 months)	1/1/81 to 31/12/81 (12 months)
(a) Applications received	1400	184	140	341	294	143	146	156	140
(b) Applications withdrawn or cancelled	82	30	90	66	41	234	87	65	24
(c) Loans refused	28	1	15	6	13	6	4	4	3
(d) Loans granted*	867	94	85	271	198	90	116	106	111
(e) Cumulative total of applications pending at end of each period	423	482	432	392	452	278	216	244	248
*Number of officials involved (some loans were paid in two instalments)	777	87	74	265	194	84	106	98	106

Sums lent since 1 August 1971*

	Bfrs								
	1/8/71 to 31/7/73 (24 months)	1/8/73 to 31/7/74 (12 months)	1/8/74 to 31/7/75 (12 months)	1/8/75 to 31/12/76 (18 months)	1/1/77 to 31/12/77 (12 months)	1/1/78 to 31/12/78 (12 months)	1/1/79 to 31/12/79 (12 months)	1/1/80 to 31/12/80 (12 months)	1/1/81 to 31/12/81 (12 months)
(a) Funds available at beginning of period	423.413.579	17.919.192	2.506.741	-	80.606.384	-	-	-	-
(b) Contribution from new Member States	-			140.000.000	-	-	-	-	2.000.000
(c) Receipts for period									
. Redemptions	30.010.659	25.836.629	28.099.072	58.647.723	39.056.028	44.918.978	51.001.079	56.274.293	59.617.180
. Interest	20.956.710	20.182.875	21.519.199	33.315.305	28.157.758	31.657.326	33.077.957	35.029.625	36.365.736
. Repayments	3.072.113	7.573.758	3.865.568	10.621.403	7.406.094	16.491.294	18.097.944	12.953.248	18.407.328
(d) Loans granted during period	459.533.869	69.005.713	58.848.772	159.119.855	172.511.828	88.771.261	106.869.665	105.985.500	117.710.219

*Note: 40% of ECSC Pension Fund (Bfrs 510 187 020) plus interest 1970/71 (Bfrs 7 104 737) less balance due on ECSC loans (Bfrs 93 878 178).

Officials granted loans since 1 August 1971

1. Breakdown by category and grade

	1/8/71 to 31/7/73 (24 months)	1/8/73 to 31/7/74 (12 months)	1/8/74 to 31/12/75 (12 months)	1/8/75 to 31/12/76 (18 months)	1/1/77 to 31/12/77 (12 months)	1/1/78 to 31/12/78 (12 months)	1/1/79 to 31/12/79 (12 months)	1/1/80 to 31/12/80 (12 months)	1/1/81 to 31/12/81 (12 months)
A 1	2	-	-	-	-	-	-	-	-
A 2	12	-	-	-	-	-	-	-	-
A 3	32	-	-	-	-	-	-	-	-
A 4	64	-	1	-	-	-	-	-	-
A 5	125	2	15	4	-	-	-	1	1
A 6	70	5	10	10	3	-	1	1	-
A 7	19	4	2	5	1	-	1	-	1
A 8	1	-	-	-	-	-	-	-	-
TOTAL A	325	11	28	19	4	-	2	2	2
B 1	40	4	2	12	7	-	1	1	-
B 2	65	4	5	23	11	6	8	5	9
B 3	69	14	9	37	18	9	13	13	7
B 4	40	10	7	13	12	6	3	5	6
B 5	15	6	3	8	7	1	2	1	1
TOTAL B	229	38	26	93	55	22	27	25	23
C 1	46	3	7	22	14	9	10	9	12
C 2	75	15	5	63	49	19	28	19	17
C 3	56	12	6	38	28	13	18	29	21
C 4	11	1	-	9	12	2	5	3	9
C 5	2	-	-	3	-	3	1	1	-
TOTAL C	190	31	18	135	103	46	62	61	59
D 1	22	5	1	9	7	2	7	4	12
D 2	11	1	1	8	15	8	6	5	8
D 3	-	1	-	1	10	6	2	1	2
TOTAL D	33	7	2	18	32	16	15	10	22
TOTALS	777	87	74	265	194	84	106	98	106

Officials granted loans since 1 August 1971

2. Breakdown by nationality

	1/8/71 to 31/7/73 (24 months)	1/8/73 to 31/7/74 (12 months)	1/8/74 to 31/7/75 (12 months)	1/8/75 to 31/12/76 (18 months)	1/1/77 to 31/12/77 (12 months)	1/1/78 to 31/12/78 (12 months)	1/1/79 to 31/12/79 (12 months)	1/1/80 to 31/12/80 (12 months)	1/1/81 to 31/12/81 (12 months)
BELGIQUE	147	24	21	79	59	20	25	15	29
DENMARK	-	-	-	-	-	2	1	2	1
DEUTSCHLAND	199	16	12	46	28	15	15	15	11
FRANCE	127	21	9	42	27	12	11	15	15
IRELAND	-	-	-	-	1	1	-	5	1
ITALIA	208	14	28	66	64	29	38	30	37
LUXEMBOURG	28	5	1	5	2	-	5	4	4
NEDERLAND	65	7	3	25	7	5	4	5	5
UNITED KINGDOM	3	-	-	2	5	-	6	6	2
OTHERS	-	-	-	-	1	-	-	1	1
TOTALS	777	87	74	265	194	84	106	98	106
		3. Breakdown by institution							
COMMISSION	678	78	66	231	145	60	75	81	77
PARLIAMENT	35	3	4	10	5	4	4	5	8
COUNCIL	38	5	4	16	35	15	22	9	16
COURT OF JUSTICE	12	1	-	3	3	2	1	1	3
COURT OF AUDITORS	4	-	-	-	-	2	-	-	-
ECONOMIC AND SOCIAL COMMITTEE	10	-	-	5	6	1	4	2	2
TOTALS	777	87	74	265	194	84	106	98	106

Table 5.

Properties for which loans granted since 1 August 1971

1. Breakdown by location

	1/8/71 to 31/7/73 (24 months)	1/8/73 to 31/7/74 (12 months)	1/8/74 to 31/7/75 (12 months)	1/8/75 to 31/12/76 (18 months)	1/1/77 to 31/12/77 (12 months)	1/1/78 to 31/12/78 (12 months)	1/1/79 to 31/12/79 (12 months)	1/1/80 to 31/12/80 (12 months)	1/1/81 to 31/12/81 (12 months)
BELGIQUE	401	48	42	184	152	54	69	66	75
DENMARK	-	-	-	-	-	-	1	-	1
DEUTSCHLAND	24	-	-	8	2	-	2	3	-
FRANCE	55	5	3	10	3	1	4	3	4
IRELAND	-	-	-	-	-	-	-	1	-
ITALIA	165	14	17	31	17	17	14	10	10
LUXEMBOURG	109	15	11	25	15	11	14	14	15
NEDERLAND	20	4	1	7	2	1	-	-	1
UNITED KINGDOM	3	-	-	-	-	-	2	1	-
OTHERS	-	1	-	-	1	-	-	-	-
TOTALS	777	87	74	265	194	84	106	98	106
	2. Breakdown by location in relation to borrower								
PLACE OF EMPLOYMENT	667	85	66	240	188	83	93	96	97
PLACE OF ORIGIN	75	2	7	25	6	1	13	2	9
ELSEWHERE	35	-	1	-	-	-	-	-	-
TOTALS	777	87	74	265	194	84	106	98	106

GRADE 1	STAFF Nos 2	APPLICATIONS					SUCCESSFUL APPLICANTS BY NUMBER OF DEPENDENTS AS DEFINED IN THE STAFF REGULATIONS (EXCL. SPOUSE)										RATIO		APPLICATIONS PENDING			APPL. PENDING AS % OF APPL. RECEIVED		
		REC'D 3	WITH- DRAWN 4	REJECTED 5			0	1	2	3	4	5	6	7	TOTAL	APPLICA- TIONS/ STAFF Nos	LOANS GRANTED/ APPLICA- TIONS	DOSSIER INCOM- PLETE	DOSSIER COMPLETE		TOTAL			
				1	2	TOT													REL *	OTHER				
A 1	40	6	4	-	-	-	-	-	-	-	1	-	1	-	2	-	-	-	-	-	-			
2	175	26	9	2	1	3	1	4	1	4	1	1	-	-	12	-	2	-	-	2				
3	566	95	42	9	5	14	4	2	13	7	2	5	-	-	33	-	6	-	-	6				
4	1.354	180	93	5	3	8	4	5	20	14	16	2	-	3	64	-	13	2	-	15				
5	1.657	284	102	7	3	10	17	13	54	42	18	4	1	-	149	-	18	5	-	23				
6	1.050	167	50	4	1	5	14	13	31	28	9	4	-	-	99	-	11	2	-	13				
7	792	57	17	1	-	1	5	2	14	11	1	1	-	-	34	-	5	-	-	5				
8	1	1	-	-	-	-	-	-	1	-	-	-	-	-	1	-	-	-	-	-				
TOTAL A	5.635	816	317	28	13	41	45	39	134	106	48	17	2	3	394	14,48 %	48,28 %	-	55	9	64	7,84 %		
B 1	676	114	25	4	2	6	10	10	25	11	9	1	1	-	67	-	14	2	-	16				
2	900	209	48	3	6	9	28	17	53	30	8	-	2	-	138	-	12	2	-	14				
3	901	258	49	3	1	4	34	29	84	27	10	3	-	-	187	-	18	-	-	18				
4	657	157	36	4	-	4	12	18	50	17	7	1	-	-	104	1	11	1	-	13				
5	273	58	9	1	-	1	10	12	11	6	5	-	-	-	44	-	3	1	-	4				
TOTAL B	3.407	796	167	15	9	24	94	86	223	91	39	5	3	-	540	23,36 %	67,83 %	1	58	6	65	8,16 %		
C 1	1.220	179	22	3	1	4	60	28	28	11	4	-	-	-	131	-	12	10	-	22				
2	2.100	417	77	2	3	5	87	93	69	33	4	4	1	-	290	-	34	11	-	45				
3	1.795	300	55	2	2	4	57	64	64	23	5	-	2	-	217	1	19	4	-	24				
4	601	76	10	2	-	2	7	10	27	8	2	-	-	-	54	-	8	2	-	10				
5	201	16	2	-	-	-	2	2	4	-	2	-	-	-	10	-	3	1	-	4				
TOTAL C	5.917	988	166	9	6	15	213	197	192	75	17	4	3	-	702	16,69 %	71,05 %	1	76	28	105	10,62 %		
D 1	389	79	4	-	-	-	13	16	25	11	4	-	-	-	69	-	1	3	2	6				
2	378	77	7	-	-	-	6	16	27	8	5	-	1	-	63	-	4	3	-	7				
3	284	32	5	-	-	-	1	5	11	4	-	2	-	-	23	-	3	1	-	4				
4	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
TOTAL D	1.061	188	16	-	-	-	20	37	63	23	9	2	1	-	155	17,71 %	82,44 %	1	10	6	17	9,04 %		
GRAND TOTAL	16.020	2.788	666	52	28	80	372	359	612	295	113	28	9	3	1.791	17,40 %	64,23 %	3	199	49	251	9 %		
																					248			

Col. 5 : 1 = not admissible (does not comply with rules).
2 = rejected for social reasons.

*REL = Repayment of loan.