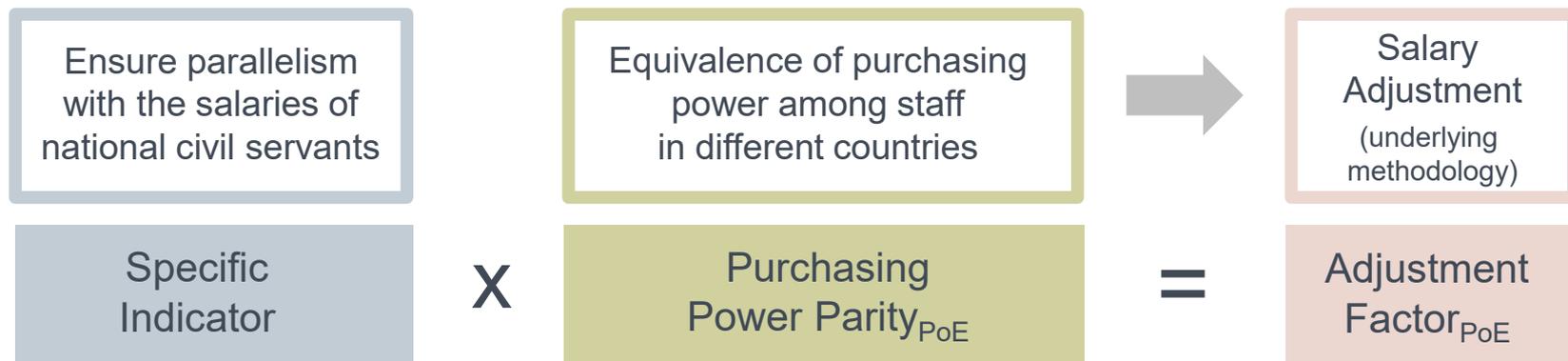


# **Salary Adjustment Procedure: Where We Stand and What Comes Next?**

- Recap: Salary adjustment procedure
- Update: Adjustments for NL
- Impact: 6 years of cuts
- Litigation: Overview of SAP challenges

# Recap: Salary Adjustment Procedure

## Two Guiding Principles for all International Organisations



## Organisation-specific clauses

Moderation clause:  
“Corridor” smoothing effect

# Recap: Salary Adjustment Procedure

Financial Study of 2019 found a “Coverage Gap” of **€5.8bn!**

## 17 Measures:

**1** Change salary adjustment method

Baseline	Low	Medium	High
Long-term actuarial assumption: inflation <sup>2</sup> + 0.5%	Inflation <sup>2</sup> + 0.25% <sup>3</sup>	Inflation <sup>2,3</sup>	Inflation <sup>2</sup> - 0.25% <sup>3</sup>

### Current Salary Adjustment Procedure Introduced in 2020

Replace the moderation clause with a **sustainability clause** providing for a cap set at **Eurozone HICP + 0.2%**

**inflation + 0.5% to inflation + 0.2%**  
→ **0.3p.p. cut**

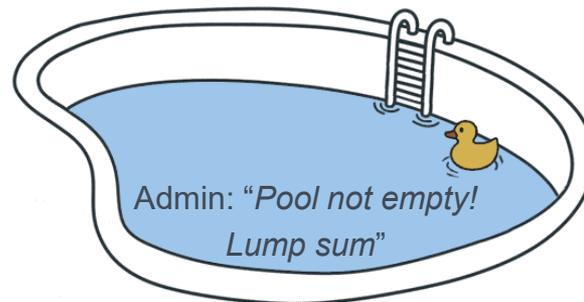
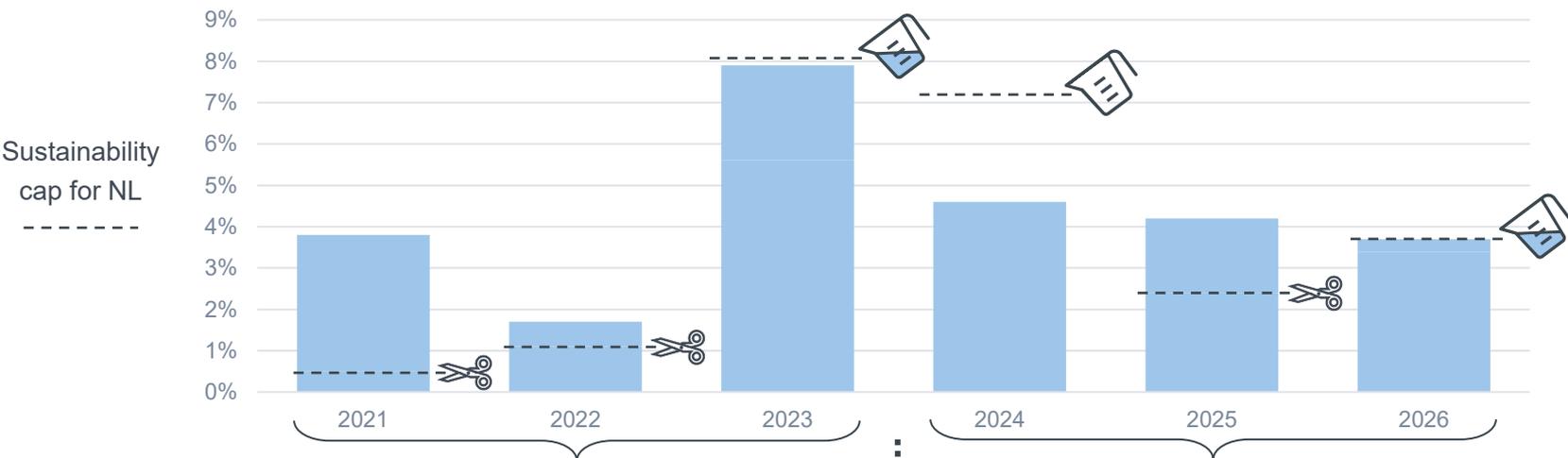
Measure "Adjust the method for collective salary adjustments":  
expected incomes = **EUR 2bn**; affected stakeholders: staff and pensioners

**0.3% cut → €2bn in savings**

Presidents' communique: There is no desire to cut staff purchasing power [...]. **There is a desire [...] to ensure salaries continue to grow, even above eurozone inflation [...]**

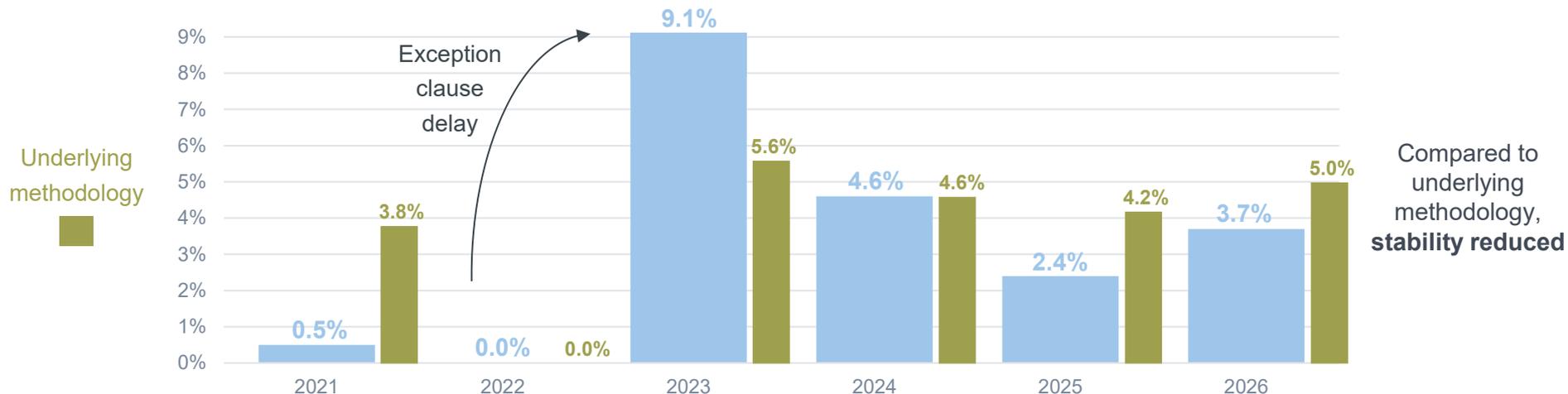
Apply for 6 years (2021-2026), and then Review

# Update: SAP results for NL 2021-2026



**Admin:**  
**"Lump sum for NL**  
 1.53% of annual  
 salary 2025  
 +  
 2.77% of annual  
 salary 2026  
**"Paid in Q1 of 2027"**

# Update: SAP results for NL 2021-2026



Cumulative **NL adjustment** over 6 years: **21.8%**

Cumulative **underlying methodology** over 6 years: **25.4%**

**Cut** on salaries, allowances, and pensions: **3.7p.p.**

**Every year** of your remaining career and pension, **3.7p.p. is lost** from just 6 years of cuts

# Update: Issues with SAP method and implementation

The current **SAP method** is flawed for many reasons, including;

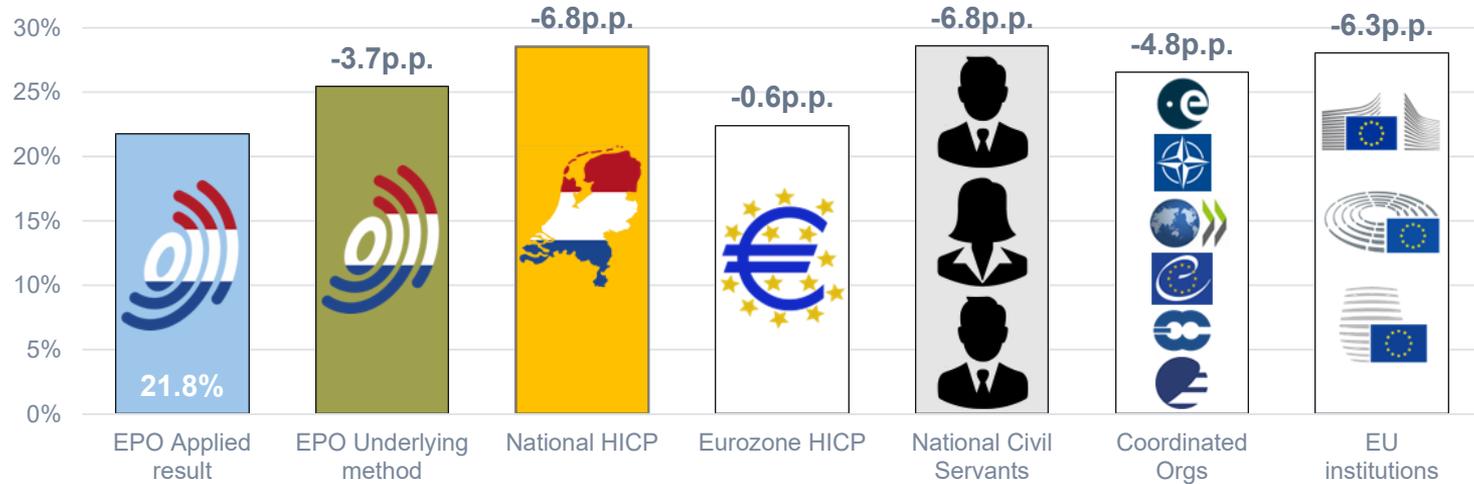
- It violates one of the two main principles: equivalence of purchasing power
- 3-year cycle gives arbitrary outcome depending on order of events
- Weighting means big sites heavily influence the result of smaller sites
- Allows cuts from one site to go to a different site in adjustments & lump sum

The current **SAP implementation** was flawed for many reasons, including;

- The method of using redistribution pool to increase the scales is inconsistent
- Periodical settlement calculation is illogical and contradicts intention

# Impact of the SAP: Comparisons with Benchmarks

Cumulative adjustments for the Netherlands 2021-2026



Office intended that the Eurozone HICP +0.2% cap would **always** be reached  
Civil servant salaries relevant as AC delegates argue our adjustment is too high  
Office claims our scales are higher than other International Organisations

# Impact of the SAP: Cut more than intended

## Expectations and Promises

Sustainability clause intended to limit at  
Eurozone HICP + 0.2%

inflation + 0.5% cut to inflation + 0.2%  
→ 0.3p.p. cut

Measure 1 *expected* incomes = EUR 2bn  
0.3p.p. cut → €2bn in savings

President: *“There is a desire to ensure salaries continue to grow, even above eurozone inflation”*

## Reality of the Cuts

Sustainability clause is an upper limit  
Eurozone HICP – 0.2%

inflation + 0.5% cut to inflation – 0.2%  
→ 0.7p.p. cut

Measure 1 *actual* incomes >> EUR 2bn  
0.7p.p. cut → €??bn in savings

President: Promise broken, aims not met, salaries adjusted below eurozone inflation

# Impact of the SAP: What next?

Cost saving measures were supposed to follow these **two principles**

*“**shared effort**: the measures will have to be shared among all stakeholders”*

## Staff contributed:

- Huge cuts to salaries, allowances, and pensions via salary erosion
- Pension contribution rises of almost 20%
  - Increasing productivity massively

## The Office contributed:

- Pension contribution rises

## The Office stopped contributing:

- Injections into the RFPSS

## Applicants contributed:

- Meagre fee increases

**Staff have already contributed way more than their fair share!**

*“**reversibility**: if economic developments and progresses are better than expected, the measures could be reversed if the Office’s finances can afford it”*

End of the 6-year cycle, and the SAP will be reviewed in the coming months

**Now is the time to implement a fair salary adjustment**

# Update on litigation



# SAP case - Overview

Case	Time	Subject	Status
SAP I	2020	Flawed GCC Consultation	ILOAT
SAP II	July 2020	6 months delayed Adjustment	ILOAT
SAP III	Jan 2021	Sustainability clause	ILOAT – Erga Omnes

# SAP III - ApC Opinion

*The Appeals Committee **unanimously** considered that:*

- *the Office had **violated** the **principle of equal treatment***
- *the Sustainability Clause should be deemed **invalid***
- *the Periodical settlement **violates** the Article 33 (2) (c) of the EPC and Article 36 of the OPenRegs*

In October 2024 the ApC delivered its opinion

**Opinion Positive for staff**

**....BUT the OFFICE disregarded the ApC opinion. Case sent to the ILOAT**



# SAP III – Erga Omnes

🏠 > News & more > News > 2024

## Salary adjustment method

Office's erga omnes declaration

Show target groups 

17.12.2024 in Office  
by António Campinos, President

👍 144

In 2020, the Office adopted a new salary adjustment method that was applied for the first time in 2021 and triggered a high number of internal litigation cases. The Office communicated its position on the Appeals Committee's non-binding opinion on the appeals that had been filed on the matter and explained why it does not agree with some of the Committee's findings.

The salary adjustment method applies to all staff and pensioners as from 2021. The Office considers that it is in the interest of all to foster procedural efficiency and avoid putting excessive burden on the available means of redress. Such a burden should be avoided by guaranteeing to all concerned that their individual rights are preserved, regardless of whether they filed an individual complaint or not; and in particular, that a Tribunal's decision on the validity of the method, irrespective of the outcome, would be given global effect.

With these interests in mind, and following discussions with SUEPO on the appropriate way forward, the Office issues the following **declaration** regarding its commitment to an **erga omnes** application of the outcome of litigation:

In the cases between the Office and staff members and pensioners on the first application of the salary adjustment method in 2021, the Office commits to apply the substantive part of the outcome of the future judgment(s) to all employees, former employees, pensioners and heirs to whom the method applied in 2021 ("all concerned").

This commitment creates individual rights for all concerned and is given without prejudice to the Office's position on the receivability and merits of the complaints.

**In simple terms, even if the Tribunal receives one single complaint on the matter, the substantive part of its judgement will be applied to all concerned.**

The effective administration of justice is a shared responsibility. The Office therefore counts on the sensible attitude of all concerned to ensure that the number of litigation cases brought before the Tribunal remains reasonable and considerate of procedural efficiency.

[Erga Omnes](#)

*".....following discussions with SUEPO on the appropriate way forward, the Office issues the following **declaration** regarding its commitment to an **erga omnes** application of the outcome of litigation".*

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SAP III	Jan 2021	Sustainability clause	ILOAT – Erga Omnes
SAP IV	Jan 2022	Exception clause / Sustainability clause	Suspended
SAP V	Jan 2023	Redistribution pool / lump sum	Suspended
SAP VI	Jan 2024	Lump sum payment	Suspended
SAP VII	Jan 2025	Sustainability clause	ApC
SAP VII bis	Jan 2025	Education parameters	ApC
SAP VIII	Jan 2026	Redistribution pool / lump sum	To be launched
SAP IX	Q1 2027	Lump sum payment	To be launched

# SAP litigation led by **suepo**

- Thank you to all SUEPO members who make it possible!
- Ca. 1300 appellants
- 8 cases pending, 2 to come
- All staff and pensioners concerned
- Significant legal costs – see SUEPO treasurer report

# Q&A

To ask a question or make a comment orally please raise your hand 🙋

Unanswered questions can be sent to [dhstcom@epo.org](mailto:dhstcom@epo.org)  
or presenters can be contacted via MStems