



## **Intermediate update**

For the second time in its history, the 'Method' for updating our salaries and pensions, which was devised by Union Syndicale and introduced as a result of battles fought over more than 40 years by the staff of the institutions, in particular at the Council, has resulted this year in an intermediate update.

It is worth remembering that the Method ensures that our salaries and pensions increase in line with those of national civil servants, on the basis of calculations carried out by Eurostat, combining changes in the purchasing power of national civil servants in a so-called 'basket' of ten Member States (eleven before Brexit) and the evolution of prices in Brussels and Luxembourg.

This update usually takes place once a year, in December, and is applied retroactively to 1 July of the year in question.

However, in the event of high inflation, Articles 4 to 7 of Annex XI to the Staff Regulations provide for an intermediate update, and every spring Eurostat examines the changes in prices that took place between July and December of the previous year both in Brussels and Luxembourg and in the other places of employment. If inflation exceeds 3% in certain places of employment over the six-month period in question, the correction coefficients for those places of employment are updated. If the Brussels-Luxembourg index has increased by more than 3%, an update is made to the remuneration table as well as to all allowances, grants and weightings.

Eurostat established that, in the period from July to December 2022, the HICP (Harmonised Index of Consumer Prices) index for Belgium increased by 4.3%, while the consumer price index for Luxembourg rose by 1.4%. After applying the weightings that correspond to our consumption habits to the various headings of these indices, and weighting them for staff numbers in Brussels and Luxembourg, Eurostat arrived at a joint index of 3.7%.

However, Article 5 of Annex XI provides that if the forecast of changes to national civil servants' purchasing power is negative, half of that forecast is to be taken into account in the intermediate update. It is currently expected that national civil servants in the ten Member States in the so-called 'basket' will have seen a loss in purchasing power of 3.8% between July 2022 and June 2023. Indeed, the sharp price rises that have occurred in most countries have not yet been offset by an increase in salaries. Relatively significantly increases in nominal salaries are expected in certain countries, but these will only take effect after the reference period and have therefore not been taken into account.

It should also be noted that these are only initial forecasts. Every year, Member States provide Eurostat with their forecasts and then, in the autumn, they provide their definitive figures, which are

subject to meticulous examination by Eurostat; there are often significant differences between the forecasts made in the spring and the final figures.

However, regardless of the accuracy of the forecasts concerning purchasing power, half (-1.9%) must be taken into account in the intermediate update, giving a figure of 1.7%.

### **Why only 1.7% when inflation in Belgium is significantly higher?**

Our Method does not apply the rates of inflation recorded in Belgium directly, but adapts them based on our consumption; this is regularly surveyed by means of the ‘household budget surveys’, which we would invite you to complete. Some expenses, such as heating, account for a smaller share of our overall expenditure than for the majority of the population. The surge in fuel prices is therefore more painful for the typical Belgian household – ‘on average’ – than it is for us.

Unfortunately, averages do not take account of specific situations and we know that many colleagues are currently in a very difficult situation (contract agents, AST/SC officials, and even all officials and temporary agents in the lowest grades) because their lower salaries no longer allow them to cope with a level of inflation that we have not seen for decades. The intermediate update will provide a modicum of relief, but it will not be sufficient. Unfortunately, last year, the administration rejected all of our proposals to help these colleagues.

### **How will the intermediate update be applied?**

In the same way as annual updates, the 1.7% increase will be applied to the salary scale and to pensions, allowances and grants (expatriation allowance, foreign residence allowance, allowance for dependent children, education allowance, travel expenses, etc.), as well as to our tax scale. It will therefore mean a 1.7% increase in net salary.

### **What will happen in December?**

Before the end of November, Eurostat will, just like every year, draw up a report on changes in the purchasing power of national civil servants and on price changes in Brussels and Luxembourg over the period July 2022-June 2023.

While the interim update combines changes in prices over a six-month period and half of the forecasts in terms of annual evolution in the purchasing power of national civil servants, the December update will combine changes in prices over a one-year period and the evolution in real terms in purchasing power of national officials over the same period. As inflation slows down, it is too early to try to predict the likely level of the annual update, but it is important to note that the 1.7% update that we will already have received mid-year will of course be deducted from the Method’s annual result.

#### The Executive Committee

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