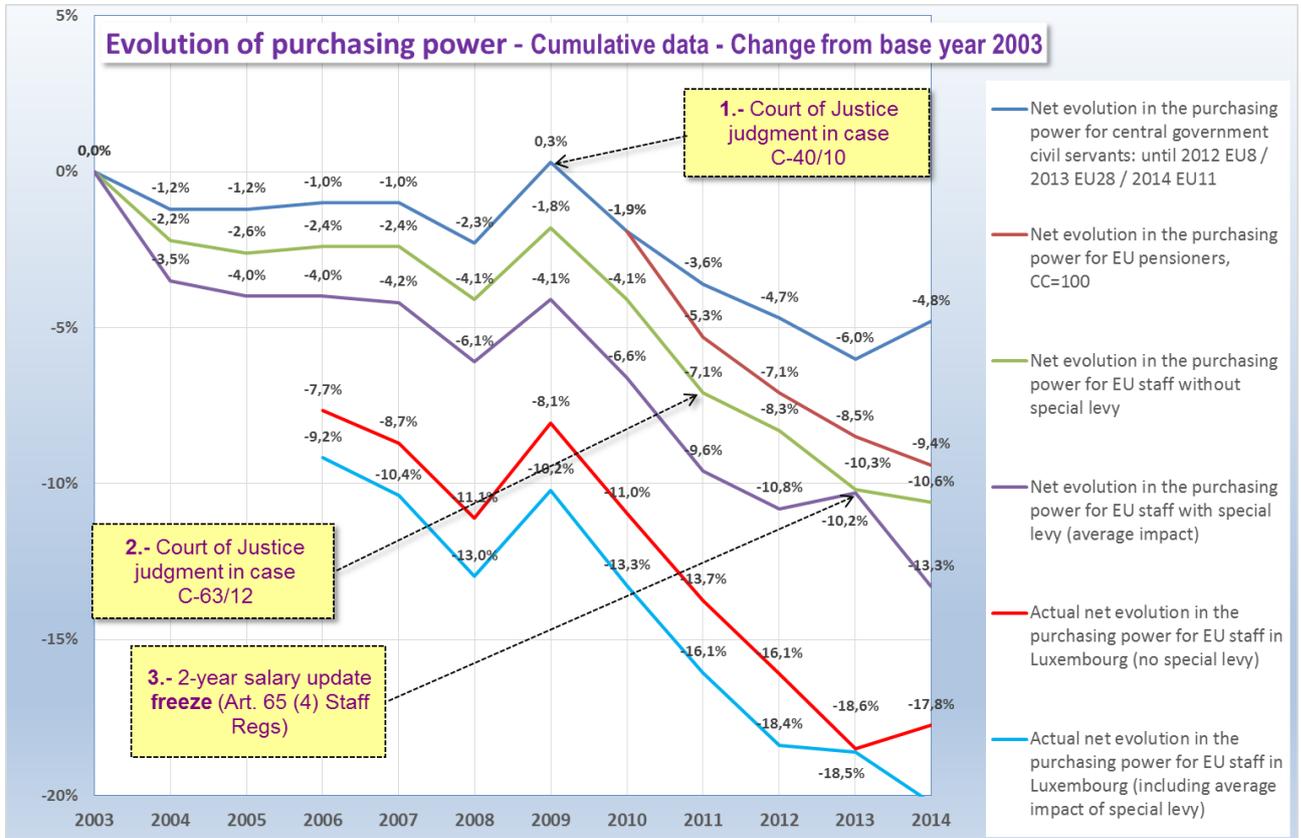


# 11 years of applying (or not applying) the Method and its vicissitudes



## Reading template

— National civil servants in central government (out of a sample of 8, now 11, Member States). As long as the Method (Annex XI Staff Regs) applied (until 2010), the same line also reflects the evolution of EU pensions.

— As from 2011, parallelism was disrupted. Since then, pensions evolve independently, in free fall.

Besides « the Method », other variables affect the evolution of salaries:

— Staff in active employment (usually contract staff) subject to a contribution to the pension scheme (Annex XII Staff Regs) (see diagram at the end of this document) but not to special levy.

— Staff in active employment subject to an average charge of special levy. After a one-year interval with no special levy (2013), a new, so called «solidarity», levy was introduced by the 2014 Reform.

## A grey area for Luxembourg

While all Member States have a weighting (correction coefficient) aimed at establishing purchasing power parity with Brussels, the law-makers explicitly assimilate Luxembourg with Belgium (see Agora Magazine n° 71, 'How our purchasing power has been eroded').

— Staff in Luxembourg (mainly contract staff) not subject to special levy: starting point Brussels 2003.

— Staff in Luxembourg subject to an average charge of special levy: starting point Brussels 2003.



### A brief 'truce'

The Method for adjusting salaries, in its **2004** Reform version, which should have applied until the end of 2012, was not destined for a long and quiet life.

In **2009**, the Member States – which had never really accepted a legally binding salary agreement (see [article of Günther Lorenz and Félix Gérardon](#), pages 6 - 8) – went on to openly challenge the Method.

### 2009: first –failed– attack by the Council

In **2009**, the 3.7% increase proposed by the Commission was too much for the Council, which decided to 'grant' only half of it.

The Commission went to court to enforce its proposal. The Court of Justice ruled (in Case [C-40/10](#)) that, since the exception clause had not been activated in time, the Council had no power to amend the Commission's proposal, once it had been submitted. It therefore upheld the application of the Method and the 3.7% adjustment was granted in full. But this proved to be only a short extension of the Method's lifespan.

### 2011-2012: a second attack, a success!

This time, the Council, having learnt the lessons from the Court's judgment in Case C-40/10, had plotted its next attack better. It first requested the Commission to submit a report on the applicability of the exception clause, the activation of which was, in its opinion, necessary. The Commission submitted its report, concluding that triggering the exception clause was not appropriate and that the routine application of the Method would already subject EU staff to the *loss* of purchasing power suffered by national civil servants; in other words, an adjustment of +1.7% reflected, in reality, a 1.8% *loss* of purchasing power.

The same scenario was repeated for **2012**: The Commission's proposal of +1.7% reflecting a 1.1% loss of purchasing power was rejected by the Council.

Once again, the dispute came before the Court of Justice (in Case [C-63/12](#)). Although the [Advocate General](#) considered the Commission's case well founded, the Court of Justice upheld the Council's position. Its judgment was delivered on 19 November 2013, when the 2004 Method had expired but the [2014 Reform](#) of the Staff Regulations had not yet come into force: it was therefore an '[end of season sale](#)' of a Method which would no longer apply in future, so that this kind of dispute would not arise again. Indeed, the 2014 Method (see [article of Félix Gérardon, pages 9 - 11](#)) conferred on the Commission alone the exclusive power of 'updating' salaries and triggering, under specific conditions, the new moderation and exception clauses.

### Implementing the judgment

In implementing the Court's judgment, the Parliament and Council adopted a 0% 'adjustment' for 2011 ([Regulation 422/2014](#)). They were slightly more 'generous' for 2012, 'granting' 0.8% ([Regulation 423/2014](#)).

Legal proceedings against these two Regulations are now pending before the General Court (Case [T-456/14](#)) and the CST (Cases [F-4/15](#) and [F-31/15](#)).

### SC: a 'forgotten' function group

The 'ugliest' aspect of the employer's behaviour was 'forgetting' function group SC (secretaries & clerks), which was not even granted that meagre 0.8% increase. It is true that this function group did not exist at the effective date of the adjustment (1 July 2012). However, it did exist at the date on which the Regulation was adopted (16 April 2014). There was no real obstacle preventing the legislature from including the SC salaries with effect from 1 January 2014. Consequently, the salary scale for the SCs was disconnected from the AST salary scale, although it had been initially modeled on it.

When the Staff Regulations Committee recommended that the Commission take the legislative initiative of aligning the SC scale with the AST scale, the Commission refused.

### 2013: the salary freeze

The Method established in the 2004 Staff Regulations expired on 31 December 2012, as did the special levy. A two-year salary freeze was decided at the highest political level, the European Council, and formally enacted in Article 65(4) of the Staff Regulations: « no update [...] shall be made in the years 2013 and 2014 ».

By a sequence of decisions, judicial or legislative, the EU staff and pensioners have also suffered the consequences of the austerity policies prevalent in the EU. For those of our colleagues with the lowest salaries or pensions, the resulting loss of purchasing power is sometimes critical.

Vassilis Sklias  
[EPSU CJ](#) President

