



17/07/2024

EUROPEAN SOCIAL CHARTER

Comments submitted by
the Trade Union Confederations of Workers' Commissions (CCOO)
and
the General Union of Workers (UGT)
concerning the Ad hoc report on the cost-of-living crisis
submitted by
THE GOVERNMENT OF SPAIN

Report registered by the Secretariat

On 17 July 2024

CYCLE 2024



Working draft 4/07/2024

EUROPEAN SOCIAL CHARTER

**OBSERVATIONS MADE BY THE TRADE UNION
CONFEDERATIONS OF WORKERS' COMMISSIONS
(CCOO) and THE GENERAL UNION OF WORKERS
(UGT)**

**IN RELATION TO THE AD HOC REPORT ON "THE COST-
OF-LIVING CRISIS"**

**PRESENTED BY THE GOVERNMENT OF SPAIN
(Registered by the General Secretariat on December 20,
2023).**

YEAR 2023

I. GENERAL CONSIDERATIONS ON THE SCOPE OF THE REPORT.

First.- The observations presented by the present trade union organisations are made under the consideration expressed by the European Committee of Social Rights (ECSR) itself, of the need to simplify the control system of the European Social Charter in all its versions, adding the so-called "ad hoc" reports, and distinguishing in the new control system established from 2023 onwards between the countries that have not ratified the Charter and those that have.

Since Spain ratified the collective claims system in 2021, in addition to the European Social Charter of 1961 and the revised Social Charter (hereinafter the CHARTER), it is included among the countries that must prepare a simplified report every four years on the CHARTER's content.

These observations are made in response to the chosen group of questions sent through the first ad hoc report, "on the cost-of-living crisis" presented by the Government of Spain, at the request of the ECSR, and both individually, through the trade union organisations UGT and CCOO, and through the European Trade Union Confederation of which the previous two form part.

Second.- In compliance with the essential purpose of the ad hoc report, the following is carried out with the objective that the ECSR can identify elements that make up the good practices of Governments for the proper compliance with the CHARTER, and that serve to prepare the guidelines of the States or declarations of interpretation, on the scope of the various obligations of the CHARTER.

On this basis, the observations contained in this document can contribute to identifying the following aspects and elements:

- The configuration of the scope of the rights recognized by the CHARTER, which provide anti-poverty protection, and which may have had consequences in the face of the effects of the "cost-of-living crisis," taking into account the subjective and objective elements that make up each of the rights recognized in the CHARTER, in accordance with the criteria that can be deduced from its own regulation, of its systematic interpretation, and of the international standards that have been establishing its essential content, naturally, taking into account the current social reality.
- The critical points that may determine an obstacle to the effectiveness of a given right recognized in the CHARTER, and which must also be evaluated with the intention of verifying that not only does it have a formal recognition, but that its content is developed or taken into account with full efficiency and effectiveness.
- The best indicators to be able to evaluate the effectiveness of the right, having the elements of analysis, or requiring their elaboration, to verify the scale of the degree of compliance.
- The aspects that can be taken into consideration, in order to formulate the necessary guidelines for the States, or the declarations of interpretation on each of the rights recognized by the CHARTER, which can be deduced from the configuration of the scope of the right, the critical points that may compromise its effectiveness, and the indicators to evaluate its compliance.

**SPECIFIC OBSERVATIONS ON THE GOVERNMENT'S REPORT ON THE QUESTIONS
POSED BY THE COMMITTEE.**

Question: 1

(1) Please provide information on whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last occurred, specifically if it has been adjusted/indexed since late 2021.

We make the following observations.

1.1.-The absence of a legal guarantee of indexation of the legal Minimum Wage according to the evolution of the cost of living.

The first consideration that should be highlighted is that our country does not have a legal guarantee of indexation of the legal minimum wage, on a regular basis, that considers the evolution of the cost of living.

The regulatory framework for regulating the legal Minimum Wage (MW) is carried out, as stated in the Government Report, according to Article 27 of the Workers' Statute (WS), which states:

Article 27. Minimum wage.

1. The Government shall fix, after consultation with the most representative trade union organizations and business associations, annually, the minimum wage, taking into account:

- a) The consumer price index.
- b) The national average productivity achieved.
- c) The increase in the share of labour in national income.
- d) The general economic situation.

A six-monthly review will also be set in the event that the forecasts on the aforementioned price index are not met.

The revision of the minimum wage shall not affect the structure or number of professional salaries when these, as a whole and calculated annually, are higher than the former.

In Spain, the MW remained very devalued due to several causes, so much so that it was the subject of a declaration of non-conformity with the CHARTER as it was well below 60% of the country's average salary during the years...

Hence, CCOO and UGT undertook a constant and permanent commitment to change the determination of this salary, thereby managing to change the trend.

Based on our work and especially with the new Agreement reached for 2024 with the Government of Spain, although with the absence of the most representative business organisations, except for the MW that was agreed in 2020, the MW has increased from 2016 to 2024 by 73.1%, gaining almost 40 percentage points of purchasing power.

Thus, we and the Ministry of Labour and Social Economy have agreed on the last four increases in the MW (from 950 euros gross in 14 payments at the beginning of 2020 to 965 in September 2021, to increase to 1,000 euros in September 2022, and increase again to 1,080 in January 2023 and to... in 2024).

This has resulted in a real increase in the economic capacity of people who receive the MW, precisely because of the incorporation in our country of the standard set by the European Committee of Social Rights (ECSR), in application of the CHARTER, of having to preserve a

decent standard of living in determining the SMI.

In 2021, the Government appointed a Commission to produce a report to advance the amount of the MW in Spain. Its title: "II Report of the Advisory Commission for the Analysis of the MW" carried out in 2022, for negotiating the 2023 MW; it evaluated the impact of the increases made up to that date, from which we draw the following conclusions:

- The increase in the minimum wage has been decisive in reducing the wage gap experienced by women, who receive the lowest wages. Of the total number of beneficiaries of the full-time salary increase, 57.5% are women and 42.5% men. The incidence of full-time women is 18.2% and 10.3% among men, with the overall incidence in both sexes being 13.7%.
- Younger people are also among those that benefit the most from the increase. 31.7% of the population aged 16 to 24 who work full-time and 19.2% of the population aged 25 to 34 who work full-time will benefit from the increase.
- Almost half (46.9%) of the full-time salaried population in agriculture will benefit from the increase in the MW. In the services sector, 14.5% of full-time wage earners will benefit, concentrating the bulk (77%) of the beneficiary population.
- 21.6% of salaried employees with temporary contracts will benefit from the increase compared to 11.5% of permanent employees. 66% of the total number of full-time beneficiaries are permanent and the remaining 34% are temporary.
- As stated in the second report of the Advisory Commission for the Analysis of the MW, the impact of the increases in the minimum wage on employment in the international and national context – with increasingly extensive empirical evidence on the impact of the increase in the minimum wage to €900 in 2019 – "allows us to conclude that its increases have had a marginal impact on employment growth, reducing, in the worst case, its increase in a very insignificant way, while contributing to reducing poverty and inequality. If this trend continues, the current rise should not affect employment behaviour significantly."

Returning to 2024, the increase in the MW by 5%, to 1,134 euros gross in 14 payments, i.e. 15,876 per year, represents an annual increase of 756 euros¹, for those people who have the lowest salary. In this way, the lowest salaries increase by 54 euros, which amounts to 5% in relation to the previous year's increase in the MW, enabling us to continue advancing towards a MW increase above the CPI (whose forecast increase for this year was around 3.3%), affecting 2.5 million workers.

The inflationary crisis of 2021 and 2022 greatly affected the workers' purchasing power. However, with the gain achieved in these last two years (2023 and 2024), purchasing power has grown by almost 6 percentage points.

This means that since 2016 there has been a cumulative increase in the MW of 73.1%, with workers gaining 39.2 points in their purchasing power.

However, there is no legal guarantee to maintain the standard of living of people who receive the MW. There is neither an adjustment to 60% of the average salary, nor a preservation of purchasing power.

a) In the annual setting of the MW, Spanish regulation, and therefore the Government, is not effectively linked to the need to maintain purchasing power but has a series of criteria to assess the suitability and convenience of its increase. These parameters present a series of limitations to maintaining purchasing power, in accordance with the evolution of the cost of living. Namely:

¹ This figure is "not a whimsical figure" and is based on the quarterly survey of labour costs and the harmonised labour cost index, which are around 5%.

- The consumer price index (CPI) is taken into account by Article 27 WS for its weighting by the Government, but it does not operate as a guarantee of a minimum increase in the salary each year that its increase must be determined according to the aforementioned regulation. Said Art. 27 WS only obliges taking it into account, but not maintaining purchasing power.
- All the factors that determine the amount of the minimum wage are linked, in addition to the previous index, to the national average productivity, and to the increase in the share of labour in the economy.
- None of these parameters is weighted, either conclusively, or even within certain thresholds.
- The only tangible element is the CPI.
- The other elements: productivity or participation of labour in the national income, do not allow control over their influence in establishing the minimum wage, and it is ultimately left to a purely political decision.
- This means that the existing regulation makes it possible to freeze the amount of the MW or even reduce it if, with the weighting of such factors, the Government, at a certain time and without consensus, for example, or with the consensus of the employers' organizations alone, decides on its amount.
- There is, therefore, no possibility of ensuring at the present time, and with the current regulations, an increase in the MW that considers the workers' cost of living in Spain.
- There is considerable uncertainty for people who see their salary exposed to the modifications of the MW every year, given that maintaining their purchasing power depends on the political orientation of the Government of the day, and its willingness to assume, to a greater or lesser extent, the objective of its maintenance, or of improving it – as has happened in our country – and may even entail that the Government in question adopts an antisocial position linked to the reduction of the standard of living or the loss of economic capacity.

b) The reference in the second paragraph of Article 27 WS to the six-monthly review in the event that the forecasts for the evolution of the consumer price index are not met, would make it possible to avoid downward deviations, but it is not established in said article in terms that are imperative for the Government, and, in fact, it has not been carried out in any case.

Therefore, in our regulation, maintaining purchasing power of wages is not required in the annual determination, nor is the six-monthly review required, even if an adequate annual determination is not reached.

This means that there is no legal adaptation to the European Social Charter, while legislatively it the Government is not required to set the minimum wage in accordance with the requirements arising from a decent standard of living.

1.2-The necessary regularisation, with retroactive effect, of the amount of the minimum wage, in order to maintain the purchasing power of people subject to the minimum wage, and its correspondence with 60% of the average wage, when the evolution of the cost of living, or the average wage, is higher than the initial forecasts taken into account for its setting.

As we have pointed out, the legal system in Spain contemplates the determination of the MW, as well as its annual, or even biannual (although not de facto) review, but does not incorporate the regularization of its amount, in the face of the deviation of its economic capacity compared to the initial forecasts that were taken into account for its setting.

The setting of the minimum wage, in each year, in order to maintain a decent standard of living, must be carried out in retrospective and prospective terms, since the salary is generated in each monthly payment, according to the amount set each year, but the evolution of the cost of living is dynamic throughout the year, and it is only known if the worker has preserved that economic capacity once the actual data on the evolution of the cost-of-living index is known.

That is why it is necessary to consider the adequacy of the amount of the MW once the evolution of the cost of living is known, as well as the evolution of the average salary for the same year, in order to assess whether this minimum wage has maintained 60% of the average wage.

This can only be known once the data has been published at the beginning of next year, which should require a regularization of the said MW, not for the following year, but with retroactive effects for the part of the year that has elapsed, when that deviation from the CPI, or 60% of the average salary, has been observed.

This effect can only be corrected by means of a regulation with legal status that imposes the regularization of the amount of the MW, when there is a deviation in the cost-of-living index, or an evolution of the average salary compared to the initial forecasts, including the retroactive payment of the corresponding economic differences, which would allow regularization payments for the increase in the average salary in the corresponding year.

This retroactive revision of the salary is a common measure in the negotiation of wages in collective agreements, which not only contemplates the revision of the remuneration in question, but, as we have said, the regularization with retroactive effects in the face of the deviations observed, from which people whose salaries have been subject to the evolution of the MW have been systematically excluded.

1.3.-The attribution of the political power to set the amount of the minimum wage without an institutionalized procedure for the effective participation of trade union and business organizations, as an instrumental means to ensure and verify compliance with the maintenance of purchasing power, compliance with the CHARTER's obligations, and the exercise of the right to freedom of association and participation in determining the workers' salary conditions, also protected by the CHARTER.

The setting of the MW is the main provision of the work, together with the obligations related to compliance with the working day or time, to which workers are subject, which are not covered by collective bargaining.

It is a space in which the workers' rights are directly affected, with their collective representation being attributed to the most representative trade union organisations, through institutional participation or social, tripartite or bipartite dialogue.

The exercise of this trade union activity would thus become an instrumental mechanism for participation in the setting of wages, and in the maintenance of their economic capacity, and would offer a framework for dialogue and participation linked to the effectiveness of public policies themselves.

However, in Spanish legislation, the participation of trade unions and employers' organisations is limited to a consultation phase, which does not then have institutional development or guarantees to ensure its purpose.

This does not mean, nor is it the purpose of these Observations, that the participation of the most representative trade union organizations in the phase of the annual setting of the minimum wage has not been carried out, to a greater extent, but rather that there is no institutional guarantee that such participation will be effective, for the reasons that are set out below:

- a) The Royal Decrees determining the minimum wage are issued, as expressly acknowledged in their preamble, after having been subject:

"to the procedures of public hearing and information and, specifically, to the prior consultation of the most representative trade union and business organizations, in accordance with the provisions of Articles 26.2 and 6 of Law 50/1997, of November 27, of the Government, and Article 27.1 of the Workers' Statute."

- b) In accordance with the provisions of Art. 27.1 WS, only what is called a consultation phase is ensured, but its content is not defined. An instrumental framework is established to carry it out, and access to the documentation necessary for its issuance is not guaranteed.
- c) It is a matter without specific regulation, unlike the case, for example, of consultation within the company, where a clear distinction is made between participation through the issuance of a report and participation through a negotiation procedure, regarding an exchange of positions, an obligation to respond reciprocally to initial positions, and which excludes the initial proposals presented as closed or immovable (Art. 64.6 WS), and presupposes access to the necessary documentation to be able to exercise effective participation in the procedure.
- d) On the other hand, in the regulation of Law 50/1997, of 27 November, of the Government, the aforementioned Art. 26, in its numbers 2 and 6, merely state:

"2. A public consultation will be held, through the web portal of the competent department, prior to the preparation of the text, in which the opinion of the subjects potentially affected by the future regulation and the most representative organizations will be obtained on:

- a) The problems that are intended to be solved with the new regulation.
b) The need and opportunity for its approval.
c) The objectives of the regulation.
d) Possible regulatory and non-regulatory alternative solutions. (...)

The public consultation must be carried out in such a way that all potential recipients of the regulation have the possibility of expressing their opinion, for which sufficient time must be provided, which in no case will be less than fifteen calendar days."

"6. Without prejudice to the consultation prior to the drafting of the text of the initiative, when the regulation affects the rights and legitimate interests of individuals, the competent management centre shall publish the text on the corresponding web portal, in order to give a hearing to the citizens affected and obtain any additional contributions that may be made by other persons or entities. Likewise, the opinion of organizations or associations recognized by law, which encompass or represent the persons whose rights or legitimate interests are affected by the regulation and whose purposes are directly related to its purpose, may be sought directly.

The minimum period for this public hearing and information will be 15 working days, and may be reduced to a minimum of seven working days when duly motivated reasons justify it; as well as when the urgent processing of regulatory initiatives is applied, as established in Article 27.2. This must be recorded in the Regulatory Impact Analysis Report."

Adaptation to the standards of protection of the right to freedom of association, specifically in relation to the intervention of the social representatives, especially the most representative trade unions, in the setting of the minimum wage, taking into account the maintenance of the workers' decent standard of living, should require a space for institutionalised social dialogue, according to the following criteria:

- That allows access to resources, documentation, etc. to be able to evaluate the bases according to which the MW must be set, annually, its revisions and its regularization, where appropriate.

- That effective means be provided to enable the shared analysis of the elements that determine both the necessary maintenance of a decent standard of living, its effective guarantee against the evolution of the cost of living, as well as all the elements of economic policy and the protection of social rights, which may influence its determination, with the most representative unions, through institutional participation and qualified intervention in the process of determining the MW.

1.4.- The absence of guarantees that people subject to minimum wages are not subjected to particularly dangerous conditions, night work, seniority, or fulfilment of objectives, as the only way to ensure a decent standard of living.

The recent jurisprudential doctrine of our Supreme Court (SC) on the amount of the MW does not prevent the functions performed by workers who receive the MW from having to involve greater dedication, effort, risk to their health, night or shift work, or compliance with productivity objectives, as the only way to reach the amount of the MW, i.e. the increase in the salary is compensated with some salary supplements.

The only element that has been preserved by the doctrine of the Supreme Court in Spain is the amount of overtime, which, if not compensated with breaks, is paid in addition to the amount of the monthly or annual minimum wage, although without an increase in the amount or the rest time, with respect to an ordinary hour, as required by the CHARTER.

With the previous statement that the MW absorbs and compensates all the salary supplements to which the worker is entitled, when carrying out his/her work, labour exploitation is thus generated in order to reach the subsistence level, which also generates a clear inequality between workers, since it equalizes the value of work, even for those people who do their jobs in conditions of greater effort, danger, dedication, or usefulness for the company, and this, despite the fact that the collective agreement has valued such circumstances with the attribution of remuneration supplements as an expression of the greater value of such work.

1.4.-There are professional groups partially excluded from the general guarantee of minimum Social Security contributions linked to the MW.

The national legislation that regulates the protection offered by the public Social Security system, through Royal Legislative Decree 8/2015, of 30 October, which approves the Revised Text of the General Social Security Law (LGSS), establishes in its Art. 19.2 in general, a direct link between the minimum contribution base and the MW that must be applied to the work of all employed workers.

However, the singularities established to determine the contribution system that applies to employees in the agricultural sector have caused a breakdown in the aforementioned general rule.

In this regard, it should be recalled that the Social Dialogue Agreement that gave rise to Law 28/2011, of 22 September, which integrated the Special Agricultural Social Security Regime into its General Regime, involved the corresponding adaptation of the contribution model for employed agricultural workers included in the Special Agricultural System (SAS) created by said Law.

In view of the productive singularity of the agricultural sector, Law 28/2011 maintained the contribution system for real working days for temporary workers. And, more specifically, that Law established in its Third Additional Provision, paragraph 2, letter c, a reference period of 23 actual days worked in a calendar month for the purposes of determining the contribution period that must be considered to give rise to the right to the full monthly contribution.

In this way, the SAS contribution system means that, in the case of an employed agricultural worker, if he or she provides services for a company for 23 actual days within a calendar month, they are entitled to the Social Security system considering that the full monthly quota has been contributed. And in the event that the periods of work are less than this reference period, the worker must contribute at his or her expense, through the "inactivity" contribution category, to cover the corresponding contribution gap and guarantee full coverage of the Social Security system throughout the period.

The formula that the contribution regulation has used to translate the reference period of 23 actual days for the purposes of considering the full month of contributions, was to determine a multiplier coefficient for the purposes of the contribution period for each of the actual days worked. In this case, the coefficient corresponding to 23 real days was 1.304, which was incorporated into the successive General State Budget Laws and the consequent Contribution Orders that were developed in this area.

The application of this coefficient also logically generates effects on the corresponding minimum contribution bases of the contribution groups that have established this reference period in daily bases in the Actual Days contribution category. Thus, the minimum monthly base that must be applied in general in these cases must be understood to be divided by 23 days, thereby giving rise to a minimum daily base that guarantees the minimum monthly base when working the 23 days established as a reference period to assume that the full monthly contribution is made.

However, within the framework of a subsequent Social Dialogue Agreement, this coefficient for considering, for contribution purposes, the actual working days in the SAS was modified through Art. 5.3 of Royal Decree-Law 28/2018, of 28 December, for the revaluation of public pensions and other urgent measures in social matters, labour, and employment, settling at 1.3636. In such a way that, from 2019 onwards, the reference of 22 actual days worked in a calendar month was established for the purposes of determining the contribution period that should be considered to give rise to generating the right to the contribution of the full monthly payment in the SAS.

This coefficient of 1.3636 has been successively incorporated into the General State Budget Laws that have succeeded each other since then and into the consequent Contribution Orders that develop them. Specifically, in the years 2021 and 2022 it has been incorporated into Article 119 (3), of Law 11/2020, of 30 December, on the General State Budget for the year 2021, and in Article 106 (3), of Law 22/2021, of 28 December, on the General State Budget for the year 2022.

However, we must draw attention to the fact that the effects of this new coefficient have not been taken into account when determining the minimum daily contribution base for actual working days, which have been followed at all times, being calculated on the basis of dividing the minimum monthly contribution base established at any given time by 23 days, and not between 22 days as corresponds to the application of the coefficient 1.3636.

This incorrect (in our opinion) way of calculating the minimum daily contribution base has several harmful effects on agricultural workers.

Probably the clearest example is the one derived from the fact that a worker who completes the 22 actual days that the Law requires to consider the full monthly payment to have been contributed, in reality, does not reach the minimum contribution base.

For all these reasons, there is an urgent need for a legislative update that adapts the reference period of 22 real days to determine the existence or not of periods of inactivity, or, in other words, the extension of the full effects of the coefficient 1.3636, in order to guarantee with full legal certainty that employees in the agricultural sector also receive the general guarantee by which the minimum contribution is linked to the Social Security linked to the MW.

CONCLUSIONS OF THIS REPLY. The critical points that can compromise MW's effectiveness.

We point out the following critical points that may compromise the effectiveness of maintaining the decent standard of living of people subject to minimum wages, especially in terms of the risks of loss of economic capacity in the face of the evolution of the cost of living:

1.1.2. The absence of a legal guarantee that the amount of the minimum wage is sufficient to maintain, in any case, a decent standard of living, in the terms set by the ECSR, interpreting the mandate established in the European Social Charter.

1.1.3. The absence of a legal mechanism to guarantee the adjustment of the amount of the minimum wage to the evolution of the cost-of-living index, or to the evolution of 60% of the average salary.

1.1.4. The absence of a legal mechanism to guarantee the regularisation of the minimum wage received in each fiscal year, when there is a deviation in the cost-of-living index, or an evolution of the average salary, with respect to the initial forecasts, including the retroactive payment of the corresponding economic differences.

1.1.5. The absence of a space for social dialogue, which enables access to resources, and documentation, between the Government, the most representative trade union and business organizations, enabling an effective contribution in their guiding and propositional, and above all, participatory role, with a view to reaching an agreement, on the evolution of the MW, including the analysis of the elements that determine the necessary maintenance of a decent standard of living, its effective guarantee against the evolution of the cost of living, as well as the series of elements of economic policy and protection of social rights, which may influence its determination.

1.1.6. The absence of guarantees that people subject to minimum wages are not subjected to particularly dangerous conditions, night work, seniority, or compliance with objectives, as the only way to ensure a decent standard of living, and the impossibility that the minimum wage requires, in order to receive it, the inclusion of remuneration supplements that are an expression of conditions of greater effort, dangerousness, dedication, or usefulness, for the company.

1.1.7. The existence of professional groups partially excluded from the general guarantee of minimum Social Security contributions linked to the MW, e.g. that of employees in the agricultural sector.

Question: 2

(2) Please provide information on any additional measures taken to preserve the purchasing power of the MW, since the end of 2021.

We refer to the Observations in Question 1, which detail the assessment of the measures taken to maintain the purchasing power of the minimum wage since the end of 2021.

Question: 3

3) For Member States that do not have a statutory minimum wage, please describe the measures taken to maintain the purchasing power of the lowest wages since the end of 2021.

We omit considerations on this issue since Spain does have a legal system for setting the minimum wage.

Question: 4

(4) Please provide information on whether the cost-of-living crisis has led to the extension of employment benefits.

In relation to this question, we make the following considerations:

4.1. Protection of the level of unemployment benefits.

CCOO and UGT were pleased that the Ministry of Labour and Social Economy, together with the social representatives, resumed social dialogue in May 2024, to agree on the reform of unemployment benefits, after a first failed attempt outside this agreement framework, thanks to Royal Decree Law 7/2023, although it has not yet been validated by parliament.

As of 12 January 2024, after its repeal due to its non-validation, its measures have ceased to be in force, limiting its effects to the period between 21-12-2023 and 12-01-2024.

However, the Agreement has been embodied in Royal Decree Law 2/2024 of 21 May, which adopts urgent measures for the simplification and improvement of the level of unemployment benefits, and to complete the transposition of Directive (EU) 2019/1158 of the European Parliament and of the Council, of 20 June 2019, on work-life balance of parents and carers, and repealing Council Directive 2010/18/EU.

A total of 1,004,299 people were in receipt of welfare benefits until March 2024.

The Agreement has eliminated some of the measures contained in the aforementioned royal decree law, such as the reduction of the retirement contribution for beneficiaries of the benefit for people over 52 years of age, which facilitates the attaining of such, together with the rest of the measures that have been incorporated, as a result of the negotiation process, taking up a significant part of the proposals that we, as social representatives, have brought to the table:

- 1) They improve the amounts of benefits in the first 12 months of receipt of the benefit, establishing three tranches that start at 95% of the IPREM indicator during the first 6 months of receipt, 90% for an additional 6 months and the current 80%, for the rest of the duration of the benefit. This measure extends to benefits for victims of gender or sexual violence, as well as for returned migrants.
- 2) The amounts of benefits received by people with part-time contracts will be equalized, which mainly benefits women, eliminating this unjustified difference in treatment between the different benefits. This measure may benefit the 2.9 million workers who currently (Active Population Survey, 2023Q4) have a part-time contract. Of these, 74% (2.1 million) are women.
- 3) For the first time, a welfare benefit is established for people under 45 years of age, who have used up their contributory benefit and do not have family dependents, who were previously excluded. As of March 2024, there were a total of 488,000 people under 45 years of age who had a contributory unemployment benefit, 50% of them women. SEPE statistics do not enable us to determine who has or does not have family dependents, but with the reform all of them have the absolute certainty that they will be entitled to benefits.
- 4) Access to the benefit is made possible for temporary agricultural workers for the whole of the State (around 200,000), including the benefit for people over 52 years of age, which is a measure committed to in the Integration Agreement of the former REASS in 2011 and which was not complied with.

The group of temporary agricultural workers was the only one that was still excluded from unemployment benefits, with the sole exception of the Autonomous Regions of Andalusia and Extremadura; and even in these territories, they cannot access all unemployment benefits.

The number of people affiliated to the Special Agricultural System is between 850,000 and 650,000, depending on the agricultural campaigns that take place throughout the year.

This professional group also has a significant female presence (on average, 41% of the total number of people affiliated to the SAS are women).

Although the Autonomous Regions of Andalusia and Extremadura account for the majority of workers in this sector, there are more than 250,000 people affiliated to the SAS who reside in other autonomous regions that can now access unemployment benefits in full equality.

- 5) The coverage of people with insufficient contributions (those who do not prove 12 months of contributions, which give access to contributory benefits) is improved, improving access for people without family dependents, which particularly benefit younger people.
- 6) It facilitates compliance with the requirement of insufficient income for people who access the benefit, by allowing access both for insufficient personal income and for the family unit, alternatively.
- 7) Coverage is extended by allowing unmarried couples access to the family unit.
- 8) A compatibility regime is established between the agricultural benefits of Andalusia and Extremadura with those of the General Regime and, additionally, a reduction in the actual working hours required to access the former is committed, as a result of the drought that has been experienced.
- 9) Formulas for compatibility between the receptions of benefits and employment are established, with a commitment to monitoring and control from the Ministry of Labour and Social Economy, and the Labour and Social Security Inspectorate.
- 10) Waiting times to access all welfare benefits are eliminated, so that coverage of benefits is guaranteed from day one.
- 11) It facilitates compliance with the reimbursement of benefits that are declared to have been unduly received.
- 12) Access to contributory benefits is allowed for people who work cross-border in Ceuta and Melilla. Workers residing in Morocco who have worked in the cities of Ceuta and Melilla, covered by work authorisation for cross-border workers, will be able to access contributory unemployment benefits without the need to prove residence in Spain, as has been the case until now.

It did not make sense for companies and workers to contribute for unemployment contingencies and, however, not be entitled to receive them. We believe that this is undoubtedly a positive and necessary measure that must be developed now, in accordance with the regulations.

When this is the case, we will be able to assess the scope and impact of this recognition of rights in relation to 4,000 or 5,000 people from Morocco that work in the Spanish autonomous cities of Ceuta and Melilla, without residing in them, although this figure before the pandemic reached 8,500 people and now maintains an upward trend.

- 13) In order to promote the return to employment of the groups that present the greatest difficulties, some measures aimed at improving their employability are included.

A Global Strategy for the long-term or older unemployed will be agreed with the social representatives, with measures on employment, training, working conditions and Social Security, to promote the return to employment or its maintenance.

On the other hand, a specific amount of budgetary funds is reserved for autonomous regions, allocating 633 million euros in 2024, for active policies, aimed at people over 52 years of age.

An individualised profile is also guaranteed within 6 months of the entry into force of the regulation, for the beneficiaries of the benefit for those over 45 years of age.

4.2. The critical points that can compromise its effectiveness.

4.2.1. The absence of a guarantee of maintaining the purchasing power of unemployment benefits, both at the contributory and welfare levels.

Unemployment benefits are recognised in accordance with the contribution bases of those concerned, and their amount is set by certain percentages, applying certain minimums and maximums.

Welfare benefits are not linked to the salary income that was received, but are amounts set by law for all people, in accordance with the IPREM indicator.

There is, at this point, no legal guarantee of revaluation, so when they are prolonged over time, and there is a devaluation of purchasing power, people do not have a legal mechanism for revaluation of the amount that ensures the purchasing power they had at the time of their recognition.

Not even when they are linked to the IPREM indicator does it mean that it is updated according to the evolution of the cost of living, since this index does not have the guarantee of revaluation either, as we will see.

4.2.2 The employment support supplement (ESS) requires an adequate and more detailed and consensual design so that it is easy to access, which can be chosen with knowledge of its effects and thereby avoid it being stripped of its substance.

The new supplement abolishes in practice the current regime of compatibility of benefits with part-time work and, from 1 April 2025, for welfare and contributory benefits of more than 12 months. However, we have expressed our disagreement with some issues in relation to the ESS, e.g. that it should be possible to choose between the ESS or the compatibility existing until now, and to review the issue of contributions and amounts of the supplement.

The amounts of the supplement are extremely low and, compared to the previous part-time compatibility regime, they only provide better protection for very low unemployment benefits or, where applicable, for unemployed people who find a job with prospects of continuity and sufficient duration.

4.2.3 The necessary revaluation of the IPREM indicator, which determines the protection of unemployment benefits against the loss of purchasing power.

The Public Indicator of Income with Multiple Effects (IPREM in Spanish) is the index that is taken into account for calculating the level of income, which the interested party must have available to have access to certain public aid, scholarships, benefits, access to protected public housing both for purchase and rent, the youth rental bonus, to take advantage of the code of good banking practices, to obtain free legal aid, to access the electricity social bonus, or to determine the minimum and maximum contributory unemployment benefits, as well as the amounts of unemployment benefits.

This index is set annually by the Council of Ministers and is published through the General State Budget Law. In 2023 it was set at 600 euros per month; 8,400 euros per year in 14 payments. The announcement that there will be no budget for 2024 means it has been frozen, with negative consequences for the most vulnerable families who are the main beneficiaries of aid, scholarships, benefits, or recipients of unemployment benefits that are linked to the amount of the IPREM indicator.

The IPREM is the reference index used to establish the amounts of unemployment benefits and, up to 2023, it had accumulated a 14% loss of purchasing power, which in 2024, if a way is not found to revalue it, will be around 17%.

The amount of unemployment benefits is 80% of the monthly IPREM indicator, currently €480, an amount that, if not corrected, will not vary during 2024, despite the 3.1% increase in the CPI, affecting more than one million people who received some type of benefit in the month of February; of these, 60% are women.

These amounts are below the amounts that determine the poverty threshold, according to data from INE: €10,990 in 2023. Therefore, the recipients of benefits were already below the poverty line and during the year 2024 their living conditions will worsen, in real terms, as these benefits also lose purchasing power.

For access to subsidized housing, both for purchase and rent, the income of the family unit is limited according to the IPREM indicator; depending on the type of housing, the family unit and the type of protection, the reference income is between 1.5 times and 7.5 times the IPREM indicator, depending on the case. Or in the case of the Youth Rental Voucher, up to 3 times the IPREM indicator.

In this case, the difference that has arisen between the IPREM indicator and the MW is decisive. Although the objective was to dissociate both references, the very disparate evolution between the two has become an obstacle to, for example, accessing subsidized housing or other aid related to it. Thus, a person who in 2024 has an income equivalent to the annual MW (15,876 euros) cannot access subsidized rental housing, as access is limited to those who earn up to 1.5 times the IPREM indicator, namely, 12,600 euros.

Another consequence of not revaluing the IPREM indicator is to limit access to the Code of Good Banking Practices to families with difficulties in meeting their mortgage, which is conditional on incomes of less than 4.5 times the IPREM indicator.

UGT and CCOO believe that it is urgent, while maintaining the dissociation with the MW, which is at the origin of this reference, to at least maintain the level at which it was created in 2004. Since then, the IPREM indicator has lost, with respect to the evolution of the CPI, 14%, to which is now added the 3.1% of the CPI in 2023, if it is not updated for 2024.

The freeze experienced by the IPREM indicator for 7 years, from 2010 to 2017, and the subsequent insufficient increases, has been a fundamental factor in the increase in poverty rates, especially in those groups that were most dependent on the aid linked to the IPREM indicator. Its new freeze will have negative consequences for receiving unemployment benefits, and is a further obstacle to families' access to multiple basic social services mentioned above, which are essential to enjoy decent living conditions.

CCOO and UGT, therefore, demand that the necessary measures be adopted to avoid this situation in 2024, and that a commitment to convergence be assumed so that the IPREM indicator reaches, within a limited period of time, at least, the level at which it was set in 2004. This would mean, expressed in today's euros, going from the current 600 euros to 705 euros, in real terms, in the shortest possible time.

On the one hand, it is urgent to address the revaluation of the IPREM indicator, which the absence of the General State Budget has prevented from being incorporated into this Agreement, but which is essential because it determines the amounts of the welfare benefits.

It is necessary to address a path of recovery of purchasing power, which was lost mainly during the time of social cuts in the period of austerity after the onset of the financial crisis.

4.2.4 The existence of difficulties in accessing protection by means of the Minimum Living Allowance (MLA).

The administrative costs, management difficulties and difficulties that the most vulnerable people have in accessing the social benefits system cannot go unnoticed. They are configured as an important limit with regard to their effectiveness.

A social protection system cannot be organised by imposing on people knowledge of a series of benefits, with a complex regulatory framework, and a whole series of requirements, documentation, and incompatibilities, which makes it exceedingly difficult to understand and use.

The system must not only, in theory, provide adequate benefits, but also be effective, minimising the possibility that administrative difficulties prevent access to the target groups, especially when the difficulties are greater in this case since they involve groups that are more vulnerable.

Within the framework of the Social Dialogue Committee with the Ministry of Inclusion, Social Security and Migration, we must review the requirements for accessing the MLA for all groups with difficulties in accessing this benefit, including those derived from the future coverage of the groups that are now going to have their current benefits terminated, establishing a gateway so that they continue to be protected after the termination of their current benefits, by means of the MLA.

Royal Decree Law 2/2024 adopted measures that, in effect, aim to regulate a procedure for collaboration between the Public Employment Service (SEPE in Spanish) and Social Security, to make the transition from unemployment benefits to the MLA.

The aim is to eliminate administrative burdens for those people who complete the maximum period for receiving unemployment benefits, without having rejoined the labour market, including the requirement to provide documents or data, with the presentation of a sworn statement (which can be verified later) being sufficient.

Another matter that was established was the creation, within six months of the Royal Decree Law coming into force, of a computer application between SEPE and Social Security to transfer information regarding people affected by the change.

4.2.5 Full coverage of protection gaps (trade union Popular Legislative Initiative)

For CCOO and UGT, it is necessary to continue making progress in eliminating gaps in coverage in unemployment protection that, although they are reduced as a result of this Agreement that will improve the protection of hundreds of thousands of people every year, still exist.

To address this issue, it would be especially useful to resume the parliamentary processing of the Popular Legislative Initiative promoted by UGT and CCOO, which had the endorsement of 700,000 signatures, and which is still pending approval.

4.2.6 Increase the staffing of the Public Employment Services (Spanish Agency for Employment and Public Services in the Autonomous Regions).

This is a need prior to this reform that must be addressed, in any case, but even more so since these new measures pose new challenges for the staff of public employment services, and a substantial increase in the number of people to be served.

The public employment services, both SEPE (currently, although the reform of the employment law has not yet developed the regulations defining the new body that will be the Spanish Employment Agency) and the regional services, must strengthen their capacity and increase their staff and technical resources in the offices managing unemployment benefits and implementing active and passive employment policies.

1. QUESTION 5.

Question: 5

Provide information on changes in the Social Security and social welfare systems since the end of 2021. This should include information about benefits and levels of assistance and allocation of benefits.

According to the doctrine of the ECSR, in relation to Article 12(1) of the Charter, the level of income replacement benefits must be such as to be reasonably proportionate to previous income and must not fall below the poverty line, defined as 50% of the average equivalent income calculated on the basis of Eurostat's at-risk-of-poverty threshold value.

The assistance provided for in Article 13 must be "appropriate," i.e. enabling a person to live a dignified life and sufficiently covering their basic needs. The level of assistance is assessed by taking into account the country's basic benefits, additional benefits and poverty threshold.

We find requirements for accessing the MLA, or the autonomous regions' Minimum Income, that are in disagreement with Article 13 of the CHARTER, such as the necessary age in order to be a beneficiary, the minimum residence required, the insufficiency of income or the definition of the so-called "cohabitation units."

Although the establishment of the MLA has been a step forward in the comprehensive system of social benefits in order to avoid situations of poverty, the truth is that both the deficient configuration of the regulation itself and its actual implementation have generated a chaotic application, with an alarming legal uncertainty for the eventual beneficiaries: excessive lengthening of deadlines for the management of benefits, especially abuse of administrative silence, lack of motivation in many of the resolutions adopted and, in the most serious cases, denial of benefits to the most needy people.

Effective anti-poverty protection and the adoption of a comprehensive and coordinated approach are necessary in order to prevent and eliminate obstacles that impede access to social rights, including housing, education, culture or social assistance.

According to Article 16 of the Charter, Member States must ensure the economic protection of the family by appropriate means. The main means should be family or child benefits provided as part of Social Security, universally available or subject to a means-tested basis, and considering some important characteristics, such as single-mother and single-father families.

On the other hand, the obligation of States under Article 15, also of the Charter, to take measures to promote the full social integration and participation of persons with disabilities in community life is strongly linked to measures aimed at improving and eradicating poverty among persons with disabilities.

Furthermore, according to Article 17, the prevalence of child poverty in a Member State, whether defined or measured in monetary or multidimensional terms, is an important indicator of the effectiveness of State efforts to ensure the right of children and young people to social, legal and economic protection.

The obligation of States to take all appropriate and necessary measures to ensure that children and young people receive the assistance they need is strongly linked to measures aimed at improving and eradicating child poverty and social exclusion.

Furthermore, in assessing the adequacy of the resources of older persons for the purposes of Article 23, the ECSR considers all social protection measures guaranteed to older persons and aimed at maintaining a level of income that enables them to lead a dignified life and participate actively in public, social and cultural life.

In particular, the ECSR examines pensions (contributory or non-contributory) and other supplementary cash benefits available to older persons. These resources will then be compared to the equivalent average income.

In order to offer accessible and systematic information, we provide below tables indicating the information requested.

TABLES ON AMOUNTS OF NON-CONTRIBUTORY PENSIONS, UNEMPLOYMENT BENEFIT AND SUBSIDY AND MINIMUM LIVING INCOME. 2021-2024. REFERENCE REGULATIONS.

MAXIMUM AND MINIMUM AMOUNT (ANNUAL AND MONTHLY -14 PAYMENTS) NON-CONTRIBUTORY RETIREMENT AND DISABILITY PENSIONS.							
YEAR	MAXIMUM AMOUNT OF NON-CONTRIBUTORY PENSIONS		MINIMUM AMOUNT OF 25% OF NON-CONTRIBUTORY PENSIONS		ANNUAL HOUSING RENTAL ALLOWANCE (ART. 7 1191/2012)	NON-CONTRIBUTORY DISABILITY SUPPLEMENT OF 50% OF THE PENSION FOR 3 rd PERSON ASSISTANCE (ART. 364.6 LGSS)	
	ANNUAL	MONTHLY-14 PAYMENTS-	ANNUAL	MONTHLY-14 PAYMENTS-	ANNUAL	ANNUAL	MONTHLY-14 PAYMENTS
2021	5,639.20	402.80	1,409.80	100.70	525	2,819.60	201.40
2022	5,808.60	414.90	1,452.15	103.73	525	2,904.30	207.45
2023	6,784.54	484.61	1,696.14	121.15	525	3,392.27	242.31
2024	7,250.60	517.90	1,812.65	129.48	525	3,625.30	258.95

MAXIMUM AND MINIMUM MONTHLY AMOUNT OF THE CONTRIBUTORY UNEMPLOYMENT BENEFIT IN THE CASE OF A FULL-TIME CONTRACT -12 PAYMENTS (Art. 270.3 LGSS)					
YEAR	MAXIMUM AMOUNT			MINIMUM AMOUNT	
	NO DEPENDENT CHILDREN	ONE DEPENDENT CHILD	TWO OR MORE DEPENDENT CHILDREN	NO DEPENDENT CHILDREN	WITH DEPENDENT CHILDREN
2021	1,153.33	1,318.10	1,482.86	527.24	705.18
2022	1,182.17	1,351.04	1,519.92	540.42	722.81
2023	1,225.00	1,400.00	1,575.00	560.00	749.00
2024	1,225.00	1,400.00	1,575.00	560.00	749.00
MONTHLY AMOUNT OF UNEMPLOYMENT BENEFIT -12 PAYMENTS (ART. 278 LGSS)					

YEAR		AMOUNT	
2021		451.92	
2022		463.22	
2023		480.00	
2024	UNTIL OCTOBER 31	480.00	
	FROM NOVEMBER 1	First 180 days	570.00
		From day 181 to 360	540.00
		From day 361	480.00

MINIMUM ANNUAL LIVING INCOME (ART. 13 Law 19/2021)						
YEAR	INCOME GUARANTEE 1 PERSON	ADDITIONAL INCREASE OF 22% FOR DISABILITY OF 65% OR MORE IN THE CASE OF THE BENEFICIARY	30% INCREASE IN THE GUARANTEED INCOME FOR EACH ADDITIONAL MEMBER OF THE COHABITATION UNIT and MAXIMUM LIMIT OF THE GUARANTEED INCOME OF 220% AFTER THE SUM OF THE 30% INCREASES FOR EACH MEMBER OF THE HOUSEHOLD UNIT		ADDITIONAL INCREASE OF 22% FOR 65% DISABILITY OF A MEMBER OF THE HOUSEHOLD UNIT	ADDED INCREASE OF 22% FOR: - Single-parent family. - Woman (gender-based violence). - The other guardian or foster parent: * Is in prison. * Hospitalized for at least one year. *Grade III dependency, IPA or GI.
			INCREASE FOR EACH MEMBER OF THE HOUSEHOLD IN ADDITION TO THE BENEFICIARY (30%)	MAXIMUM LIMIT OF THE GUARANTEED INCOME PER HOUSEHOLD UNIT (220%)		
2021	5,639.20	NON-EXISTENT	1,691.76	12,406.24	NON-EXISTENT	1,240.62
2022	5,808.60	1,277.89	1,742.58	12,778.92	1,277.89	1,277.89
2023	6,784.54	1,492.60	2,035.36	14,925.99	1,492.60	1,492.60
2024	7,250.60	1,595.13	2,175.18	15,951.32	1,595.13	1,595.13

MINIMUM MONTHLY LIVING INCOME (ART. 13 Law 19/2021)						
YEAR	INCOME GUARANTEE 1 PERSON	ADDITIONAL INCREASE OF 22% FOR DISABILITY OF 65% OR MORE IN THE CASE OF THE BENEFICIARY	30% INCREASE IN THE GUARANTEED INCOME FOR EACH ADDITIONAL MEMBER OF THE HOUSEHOLD UNIT and MAXIMUM LIMIT OF THE GUARANTEED INCOME OF 220% AFTER THE SUM OF THE 30% INCREASES FOR EACH MEMBER OF THE HOUSEHOLD UNIT		ADDITIONAL INCREASE OF 22% FOR 65% DISABILITY OF A MEMBER OF THE HOUSEHOLD UNIT	ADDED INCREASE OF 22% FOR: - Single-parent family. - Woman (gender-based violence). - The other guardian or foster parent: * Is in prison. * Hospitalized for at least one year. *Grade III dependency, IPA or GI.
			INCREASE FOR EACH MEMBER OF THE HOUSEHOLD IN ADDITION TO THE BENEFICIARY (30%)	MAXIMUM LIMIT OF THE GUARANTEED INCOME PER HOUSEHOLD UNIT (220%)		
2021	469.93	NON-EXISTENT	140.98	1,033.85	NON-EXISTENT	103.39
2022	484.05	106.49	145.22	1,064.91	106.49	106.49
2023	565.38	124.38	169.61	1,243.83	124.38	124.38
2024	604.22	132.93	181.27	1,329.28	132.93	132.93

MONTHLY ECONOMIC SUPPLEMENT (CHILD ALLOWANCE) FOR EACH CHILD IN THE HOUSEHOLD UNIT OF THE BENEFICIARIES OF THE MINIMUM LIVING INCOME

YEAR	UNDER 3 YEARS OLD	OVER 3 YEARS OLD AND UNDER 6 YEARS OLD	OVER 6 YEARS OLD AND UNDER 18 YEARS OLD
2021	NON-EXISTENT	NON-EXISTENT	NON-EXISTENT
2022	100	70	50
2023	115	80.50	57.50
2024	115	80.50	57.50

Question 6:

Please provide information on whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits, such as pensions, are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

Question 9:

Please provide information on the measures being taken to ensure a coordinated approach to combating poverty as required by Article 30 of the Charter, and to reduce reliance on relief of last resort, such as food banks and soup kitchens.

Question 10:

Please provide information on measures taken to consult and ensure the participation of those most affected by the cost-of-living crisis and/or organizations representing their interests in the process of designing measures in response to the crisis.

Given the direct connection, in relation to Spain, between the mechanisms for maintaining the purchasing power of public benefits, and the areas of social dialogue and participation of the people affected, we have grouped our observations on the three questions together.

A.-The value of the Social Agreement, to maintain the purchasing power of pensions and guarantee their sustainability by improving income.

In 2013, the government imposed a unilateral reform of the pension system, thus interrupting the framework of reforms agreed through a process of broad social and political dialogue that has characterized our Social Security system since 1995.

It is precisely this framework of agreed reforms (1996, 2001, 2007 and 2011) that has been characterised by the promotion of measures designed with the dual objective of guaranteeing a sufficient and sustainable pension system.

The 2013 reform involved, in practice, an attempt to impose the objective of sustainability at the expense of the adequacy of pensions through two main measures: a new system of revaluation of pensions in force, which was no longer linked to inflation and which, therefore, did not guarantee the maintenance of pensions' purchasing power; and a sustainability factor that linked the amount of initial pensions to the evolution of life expectancy and that, therefore, led to a reduction in the pensions of younger people.

In the agreement reached between the most representative trade unions, employers' organisations and the Government in July 2021, the Social Security system was reverted to the model of evaluation and reforms agreed within the framework of the social and political dialogue that began in 1995.

This agreement has also made it possible to reverse the cuts imposed in 2013, in terms of revaluation and to repeal the sustainability factor, which meant that 10 million pensioners saw their pensions revalued in accordance with the average CPI each year, and that the factor that would have reduced the pensions of the youngest by more than 20% in the next 25 years has been repealed. The key to the reforms promoted between 2021 and 2023 is to strengthen the adequacy of Social Security benefits and guarantee their sustainability on the basis of increasing the system's revenues.

In the period 2013 to 2017, the Social Security Pension System Revaluation Index was applied, which set a minimum pension increase of 0.25% between 2013 and 2017.

In 2018, pensions were increased by 1.7%, and pensioners received a compensatory payment for the rise in the CPI of 0.1% in 2018.

In 2019, pensions were increased by 1.6%.

In 2020, pensions were increased by 0.9%.

In 2021, pensions were increased by 0.9%, and pensioners received a compensatory payment for the rise in the CPI of 1.6% in 2021, which represents an increase of 2.5%. This revaluation did not compensate for the increase in the cost of living, as the annual CPI rate increased by 3.1%, resulting in a loss of purchasing power of -0.6%.

In 2022, Law 22/2021, of 28 December, on the General State Budget for 2022, established, within its Title IV, the criteria for updating pensions in the Social Security system for that year. Although, for this fiscal year, the aforementioned Law 22/2021 did not set the percentage of increase, as in previous years, but established the procedure for its determination. Thus, pensions experienced a percentage increase equal to the average value of the year-on-year rates of change expressed as a percentage of the Consumer Price Index for the twelve months prior to December 2021.

Consequently, in accordance with these legal provisions and following the aforementioned procedure, this Royal Decree established a general update of pensions and other benefits paid by the Social Security system, as well as by State Passive Classes, of 2.5 per cent.

However, Law 22/2021, with respect to non-contributory pensions, established an increase of 3 per cent.

This meant, for the year 2022, a pension increase of 2.5%, although minimum and non-contributory pensions rose by 3%.

During 2022, the CPI increase by 8.4%, which resulted in a 5.9% loss in purchasing power.

Article 58 of the Consolidated Text of the General Social Security Law, approved by Royal Legislative Decree 8/2015, of 30 October, in accordance with Art. 1.1 of Law 21/2021, of 28 December, establishes that "1. Contributory Social Security pensions will maintain their purchasing power under the terms provided for in this law."

Number 2 of said precept, according to Royal Decree-Law 2/2023, of 16 March, establishes that "2. For these purposes, all Social Security pensions, in their contributory category, including the gender gap supplement, will be revalued at the beginning of each year in the percentage equivalent to the average value of the year-on-year rates of change expressed as a percentage of the Consumer Price Index of the twelve months prior to December of the previous year".

In the same percentage, the maximum number of pensions referred to in Article 57 and the minimum number of pensions provided for in Article 59 shall be updated annually in the corresponding General State Budget Law."

Article 27 of the Consolidated Text of the Law on State Passive Classes, approved by Royal Legislative Decree 670/1987, of 30 April, establishes, respectively, that Social Security pensions, in their contributory category, and Passive Class pensions, including the amount of the minimum pension, will be revalued at the beginning of each year in the percentage equivalent to the average value of the year-on-year rates of change expressed as a percentage of the Consumer Price Index, for the twelve months prior to December of the previous year.

To this end, Title IV of Law 31/2022 of 23 December 2022 on the General State Budget for 2023 contains the criteria for the revaluation of Social Security system pensions for that year, so that pensions will generally experience a percentage increase in 2023 equal to the average value of the year-on-year rates of change expressed as a percentage of the Price Index to the Consumption of the twelve months prior to December 2022.

In 2023, pensions were increased by 8.5%. Royal Decree 1058/2022, of 27 December, on the revaluation of Social Security system pensions, Passive Class pensions and other public social benefits for the 2023 fiscal year, establishes a general increase of pensions and other benefits paid by the Social Security system, as well as State Passive Classes, of 8.5 percent.

Likewise established is an 8.5 percent increase in the minimum amounts of pensions of the Social Security system in its contributory category, as well as non-concurrent pensions of the extinct Compulsory Old Age and Disability Insurance and of the Passive Class pensions.

The same percentage of increase will be applied to the amounts of the limits for receiving public pensions, as well as the amounts of the regulatory assets applicable for the initial determination of the pensions of the State Passive Class Regime and the special war pensions.

B.-Social agreements for the improvement and sustainability of the social protection system, and the reduction of the gender gap

As we have seen, in the agreement reached between the most representative trade unions, business organisations and the Government, in July 2021, the cuts imposed in 2013 were reversed. This was also the case of the measures agreed within the framework of the social dialogue in the 2023 reform, aimed at reducing the impact that the gender gap in employment has on the Social Security benefits received by women.

An agreement was therefore reached in 2023, this time without the participation of business organisations, which, in addition to improving incomes, expands protection and equality, with measures to reduce the gender gap, cover contribution gaps and improve the lowest pensions by establishing a guarantee of adequacy of minimum pensions and non-contributory pensions, linking them to the risk of poverty.

- In this sense, it includes an increase in the periods recognised as 3-year contributions, in the case of reductions in working hours and leave of absence for care of children, minors or relatives up to the second degree.
- It also establishes an increase in the amount of the gender gap supplement by 10% in addition to inflation in the next two years.
- The formula for integrating gaps for working women is improved, increasing the periods that are computed at 100% of the minimum base to 5 years and up to 2

additional years for those that are calculated at 80% of that reference amount.

- A guarantee of sufficiency is incorporated in the number of minimum pensions and non-contributory pensions, which will result in a clear reduction in the gender gap, since 2/3 of the people entitled to these benefits are women.

-The new calculation period formula included in the agreement improves the pensions of those who have a more precarious and discontinuous contribution record, a distinctive feature of the gender gap in employment and pensions. To this end, it has been agreed that until 2040 the right to opt for the situation that is most beneficial for each pensioner will be guaranteed: they will be able to choose between calculating their pension with the last 25 years of contributions or with the best 27 years of contributions in the period of the last 29 years.

- Finally, a guarantee of adequacy of minimum pensions and non-contributory pensions is established, automatically linking them to the risk of poverty. It is also a measure established in general for all beneficiaries, but from which women pensioners will benefit the most precisely as a result of the greater impact that the gender gap in employment has had on their professional careers.

C.-The social dialogue agreement to guarantee the financial sustainability of the system by means of improving income.

The successive agreements that have been reached, first within the framework of the social dialogue between the government and the social representatives and later in the parliamentary sphere through the validation of the former, have returned the Social Security system to the path of reforms promoted with the dual objective of guaranteeing sufficient and sustainable pensions.

The financial sustainability of the system is thus guaranteed by promoting measures to strengthen the income structure, in the contributory field and reinforcing the State's role as the ultimate public guarantor of the Social Security system as a whole.

In the strictly contributory sphere, they highlight, among others, the establishment of measures that put an end to the legal possibility that existed until now for certain groups to be exempted from the obligation to contribute for the economic income they actually have. In this way, a new contribution system has been established for real income for self-employed workers; in the case of employees, the increase in the maximum contribution bases and the establishment of a solidarity quota for those with a salary income higher than the maximum contribution base; in general for all workers, the creation of the Intergenerational Equity Mechanism (MEI in Spanish) consisting of an additional, extraordinary and temporary contribution, aimed at boosting the Reserve Fund, with the aim of dealing with the increase in expenditure that will progressively arise from the access of the baby boom generation to retirement, without having to resort to measures such as those of the now repealed sustainability factor.

All these measures have also been accompanied by the improvement of certain aspects relating to the improvement of the social protection of the professional groups concerned, so that the increase in the contributory effort required of them is also compensated by an improvement in the social protection they receive from the system, thus respecting the idea of balance between the contributory and solidarity principles behind the public Social Security system.

Thus, for example, the benefit for cessation of activity that protects self-employed workers has been improved, and a guarantee of a real increase in the maximum pension has been established for the first time, among other measures.

For its part, with regard to strengthening the State's role as the ultimate public guarantor of the public Social Security system, a legal guarantee has been established for the first time by which the contribution that the State will make annually, by means of public transfers in the General State Budget laws, to help guarantee the financial sustainability of the system is expressly specified, now incorporated into the 33rd Additional Provision of the General Social Security

Law.

This financial sustainability scheme culminates in the implementation of a system for evaluating and monitoring the forecasts of the Social Security system's expenditure and income, which is characterised by the express participation of the government, Parliament, and trade unions and business organisations in order to, where appropriate, adopt and/or propose specific measures for action, as well as the European Commission (by means of the Ageing Report's expenditure forecasts) and the Independent Authority for Fiscal Responsibility (AIReF in Spanish) (by means of the revenue forecasts), on which the sustainability scenario for the period 2023-2050 is established.

D.- The critical points of the protection system against the risks of loss of purchasing power, lack of social protection, and guarantees of participation of the interested parties' representatives.

The observations presented in relation to the situation in Spain highlight the challenges faced by public social protection systems to ensure adequate protection, effectiveness, the capacity to respond to the evolution of living costs, but also many aspects that require the appropriate instruments in order to deal with.

From these perspectives, we would like to point out the following conditions that, we believe, social protection models must meet in order to ensure, in short, a protection of a decent standard of living for people who do not have economic resources or sources of income derived from labour or economic activities:

- a) **The requirement of a predetermined and conclusive legal guarantee that ensures the purchasing power of public benefits, subsidies and pensions, in the face of the risks of the rise in the cost of living.**

This not only ensures the adequacy of benefits to maintain a decent standard of living, especially in the case of benefits that are below the average income.

It also grants legal certainty and foresight to the people affected, extracting from the current political debate the decision to maintain, to a greater or lesser extent, the economic capacity of people whose income depends on public benefits, which operate as a conditioning factor in other collection and expenditure policies.

- b) **The need for an institutionalized framework of social participation, in the elaboration of legislative and budgetary measures to deal with situations of lack of income.**

This shows that the adoption of measures to ensure a decent standard of living through the series of social protection policies requires a framework of dialogue with the social representatives, in order to have sufficient elements to make decisions, with the necessary social support, to ensure the effectiveness of the specific measures, in view of the multiplicity of situations to be taken into consideration, and the real problems that must be corrected, and serve as a basis, in turn, for a broad-spectrum political agreement, thus generating the continuity of public policies on social protection.

c) The need for an integrative approach.

As the ECSR has stated:

- Article 30 of the Charter requires the Parties to adopt a comprehensive and coordinated approach, which shall consist of an analytical framework, a set of priorities and corresponding measures to prevent and remove obstacles to accessing social rights, in particular employment, housing, training, education and culture. and social and medical assistance.
- It should link and integrate public policies in a coherent manner, mainstreaming the fight against poverty and social exclusion in all aspects of policy and going beyond a purely sectoral or target group approach.
- Effective coordination mechanisms must be in place at all levels, including at the level of end-user assistance and services.
- Sufficient resources should be made available for the implementation of the measures adopted in the context of the comprehensive and coordinated approach provided for in Article 30.
- In many cases, a significant and lasting expansionary fiscal policy effort by Member States will be necessary to avoid an increase in poverty and social exclusion. Adequate resources are one of the main elements of the overall strategy to combat social exclusion and poverty and should therefore be allocated to attain the strategy's objectives. The measures must be appropriate in quality and quantity to the nature and extent of poverty and social exclusion in the country concerned.

This area of social participation cannot be based on mere political opportunity but must have an institutionalized framework that ensures not only the adoption of legislative and budgetary measures to preserve purchasing power, but also those that are necessary to manage their financing, and the mechanisms of application and management, especially in a framework of significant administrative decentralization, as well as their monitoring, evaluation, and the adoption of corrective measures.

The decisions that need to be adopted involve extensive information, analysis and diagnosis regarding social needs, the evaluation of the critical points that limit effectiveness, and the situation of groups with specific situations. This also requires the integration of decisions related to the adequacy of their financing, both in terms of contributions and the addition of public resources by means of taxes. Likewise, the evaluation, control and adoption of corrective measures requires continuous updating and monitoring. In this way, the accessibility to this information, the development of a constructive and inclusive dialogue, and the generation of social consensus require a system of effective participation.

d) Guarantees of participation by social organisations, in accordance with their greater representativeness, measured with objective criteria and based on democratic considerations, eliminating the risk of interference by the public authorities in the determination of the representatives of unemployed persons, persons with limited working capacity, or retired persons.

This institutional framework must not allow for an arbitrary or selective selection of representatives but must be based on the constitutional attribution to trade union organisations of the corresponding representativeness, relating to the economic and social interests that are specific to workers, which include, directly, the challenges of loss of employment or a person's ability to work, or retirement.

Question: 7

Please provide information on whether special measures have been taken since the end of 2021 to ensure that people can cover their energy and food costs, such as subsidies on the prices of energy, fuel and basic foodstuffs.

7.1.-On the measures linked to protection against the extraordinary increase in the costs of energy and food, and housing.

In addition to the information provided by the Government Report, we point out these considerations on the variation of the CPI, which provide elements of analysis on the impact of the cost-of-living crisis.

- The average change in the CPI was 8.4% in 2022 and 3.5% in 2023.
- The measures adopted in Spain to control prices and limit margins in some inflationary sectors (electricity, gas) in 2022 managed to contain inflation, evidencing the existence of better and less harmful alternatives to a broad monetary policy that, with indiscriminate interest rate hikes, seeks to solve inflation by destroying the healthy productive fabric and purchasing power of households.
- The high level of prices compared to wages has made many basic goods and services inaccessible to many working families. In addition, purchasing power has been doubly damaged in mortgaged households or in those that must rent a home due to the rise in interest rates and rents.
- In data for 2024, in May the general CPI rose by three tenths to 3.6% and core prices - excluding energy and fresh food - rose by one tenth to 3.0%. Eating out, food and household supplies, which are an essential part of the shopping basket, are consolidated as the most inflationary groups in year-on-year terms, so we welcome the government's decision to continue with aid for the purchase of these goods and services, but we consider it necessary to analyse this aid and the real impact it is having on the drop in prices in order to determine whether they are adequate and sufficient, or whether additional measures need to be taken.
- Apart from the CPI, we must take into account house prices, which continue to soar (they have increased by 6.3% year-on-year in the first quarter of 2024), with the cost of mortgages at its highest in recent years; despite the cuts in interest rates in the second quarter, the rate of decline is slow and the forecast is to end the year at 3.5%, which is still very high. The cost of renting a home also continues to rise (13.4% in year-on-year terms).
- Two stages in this process can be clearly distinguished:
 - o Between 2008 and 2017, the decade of crisis, cuts and austerity, wages fell both in nominal (-0.4%) and real (-9.5%) terms. Wages experienced a nominal freeze during that decade, which was made worse by the accumulated effect of inflation during those years.
 - o Since 2017, with the change in economic and labour policy, wages have advanced strongly in nominal terms (+13.6%) but this has resulted in a slight loss of purchasing power in real terms (-0.4%) due to the sharp increase in prices in 2022 (+14.0% cumulatively).

In this way, although losses in the purchasing power of wages accumulate throughout the period, neither their amount nor their origin have anything to do with it. We are coming from a stage of wage adjustment that generated a strong loss of purchasing power of wages.

- The different orientation of the government's labour policies from 2018 onwards, which has taken into account many of the trade union proposals, has resulted in a much higher nominal evolution of wages. However, this has not been enough to guarantee the purchasing power of wages and much less recover the purchasing power lost in the previous decade.

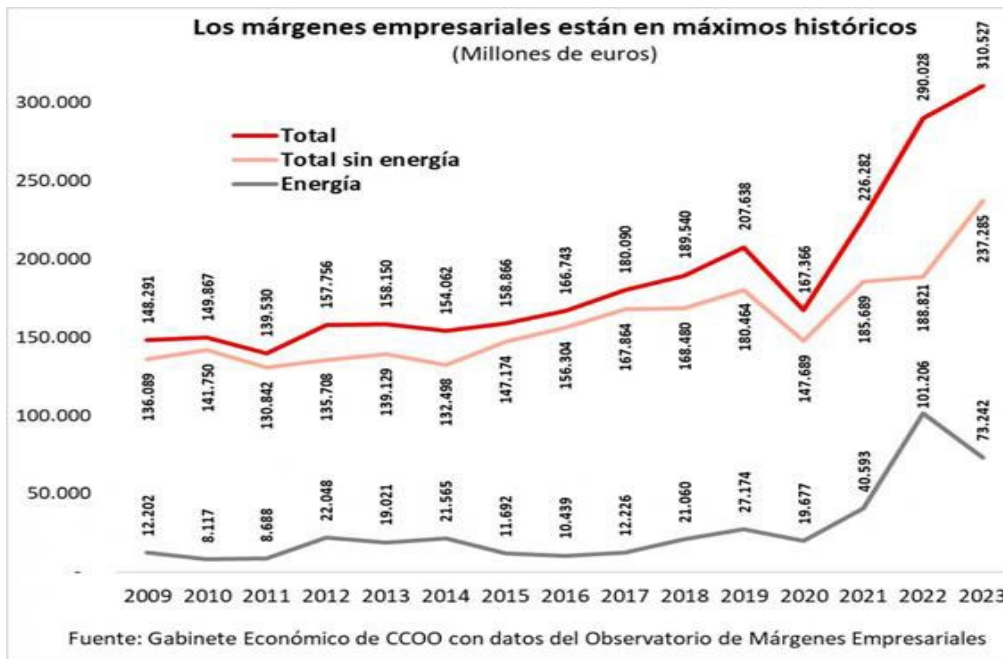
a. In particular, the responsibility for the disproportionate increase in business margins in the rise in prices.

When offering measures to analyse the factors that explain the increase in the cost of living of workers, and in general, of the most vulnerable population, it is necessary to be attentive to causal factors that are specific to the current crisis, and that should be weighed up in order to make a diagnosis, establish the forecast evolution, and above all, design policies to protect against price increases.

In this context, we would like to highlight that corporate profits and margins have been the main causes of the sharp rise in inflation since 2022. In reality, business margins are at their highest and growing twice as fast as wages.

Companies have passed on energy increases to their prices to maintain or increase their profit margins and have continued to increase them, even though the episode of energy inflation has ended.

Between 2018 and 2023, business margins have grown twice as much as the wages paid.



Data from the Business Margin Observatory shows that the margin obtained by companies is at an all-time high both in absolute terms (310.5 billion in 2023) and relative terms (13% of sales).

Companies experienced record levels of margins and profitability rates in 2022 and 2023, much higher than pre-pandemic levels. Absolute enterprise margins increased by 64% between 2018 and 2023. In 2023 they stood at 311 billion, 121 billion more than in 2018, increasing for both energy and non-energy activities.

The companies and sectors with the greatest market power are the ones that have increased their margins the most, at the cost of passing on the rise in their costs to their customers and increasing the share of added value that is left to the detriment of wages.

Energy, eating out, tourism and parts of the food chain (wholesalers) have increased their margins to record highs.

In this evolution of prices in Spain, it is necessary to focus on the reduction of excessive business margins and ensure that the drops in the prices of energy and raw materials are completely passed on and just as quickly as the increases in such prices.

b. Protection measures against the cost-of-living crisis.

Based on the experience in Spain, we point out the following elements that make up the measures to protect against the increase in the cost of living, and that enable us to analysis the situation and also evaluate the degree of commitment of public policies to maintaining a decent standard of living.

i. The need to promote wage guarantee clauses in collective bargaining.

The labour market has improved significantly since 2017, but wages have not yet recovered the purchasing power lost in the previous decade.

Wages have been increasing since 2017, reflecting the labour improvements adopted in recent years: MW, labour reform... However, this has not been enough to compensate for the rise in prices of the CPI and other vital costs not included in the CPI (home purchases, mortgages).

Progress in employment is not enough to compensate for the enormous erosion of household purchasing power, and it is evident that there is a need to act not only to sustain and boost household incomes but also on the main expenses that drive up the cost of living.

In 2022, collective bargaining wages rose by an average of 3.2% for 12.5 million workers, after applying the revision clauses, and experienced a sharp loss of purchasing power due to the large average rise in prices (8.4%) driven by business margins, whose second-round effect has been observed in the persistence of high core inflation during 2023.

In 2023, whose data is still provisional, collective bargaining agreements with economic effects in 2023 covered 11.2 million workers (almost 90% of the population covered by collective bargaining) with a wage increase (already including wage review clauses) of 3.53%, four tenths above the year-on-year CPI in December and similar to the average inflation of 2023.

On this point, the role of the Social Agreements is decisive, but it is also necessary to be demanding in their compliance and effective transfer to all areas of wage negotiation. It is necessary to protect wages, as intended by the wage guarantee clause that links the increases to what was agreed in the 5th Agreement for Employment and Collective Bargaining (V AENC in Spanish), to avoid the loss of their purchasing power.

The signing of the V AENC 2023-2025 agreement is helping to promote wage increases in the coming years within the framework of collective bargaining. The agreement mandates, in the case of the agreement's negotiating committees, wage increases of 4% for 2023, 3% for 2024 and 3% for 2025. In addition, a wage review clause of up to 1% per year is included if inflation exceeds previous increases. In 2023, the wage increases agreed that year were in harmony with the AENC agreement, with an average agreed wage increase of 4.1% and an average gain in purchasing power of six tenths compared to the average increase in the CPI in 2023.

At this point, systems of monitoring, observation and promotion of negotiation are decisive. And in order to have elements of analysis, the data from the Business Margins Observatory is essential; when combined with Social Security information cross-referenced by means of the agreement code, this will allow the development of tailor-made indicators for the negotiation committees of collective bargaining agreements based on reliable and objective information.

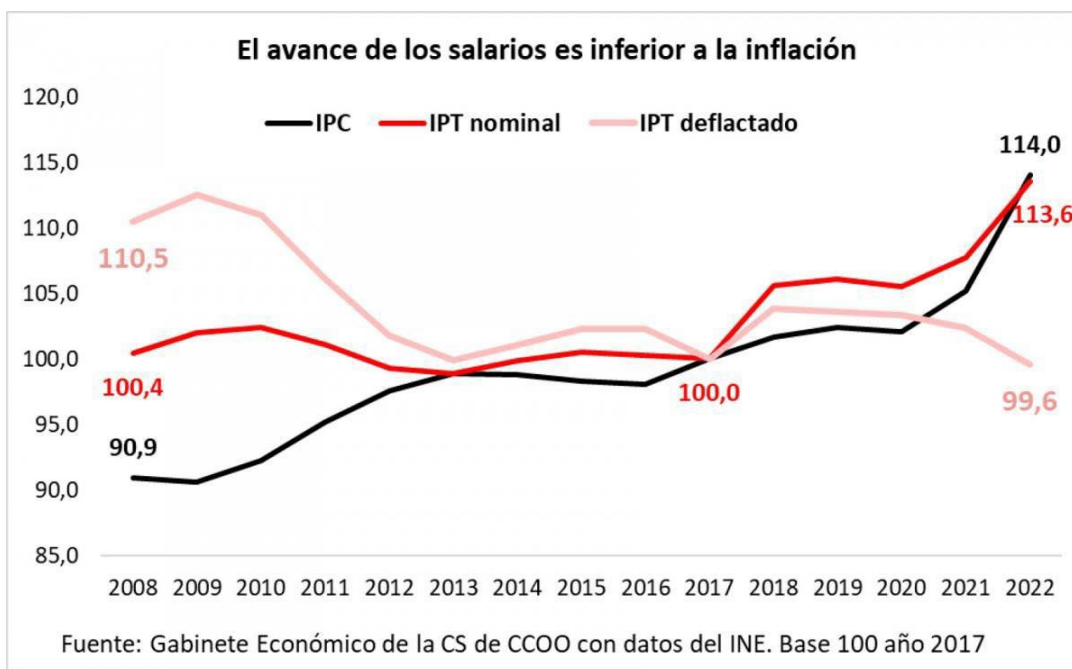
ii. Measures in employment policy.

Employment policies must continue to improve the quality and quantity of employment and wages. It is essential to continue improving the quality and quantity of employment and wages, as well as to act more intensively on the main elements that determine the cost of living for households.

iii. Measures to guarantee access to goods, resources and services of basic necessity.

Wages have been increasing since 2017, reflecting the labour improvements adopted in recent years: MW, labour reform, etc. However, this has not been enough to compensate for the rise in prices of the CPI and other vital costs not included in the CPI (home purchases, mortgages, over-indebtedness, etc.).

Progress in employment is not enough to prevent the enormous erosion of household purchasing power, and it is evident that there is a need to act not only to sustain and boost household incomes but also on the main expenses that drive up the cost of living.



The labour market is evolving favourably in its objective of providing more and better paid work with better wages (and it must continue to do so because there is much to improve). But these improvements are insufficient to maintain the purchasing power of wages, which reveals that price control mechanisms must be extended in terms of basic goods, housing, mortgages...

In addition, it is essential to act much more intensively on the main elements that determine the cost of living for households, especially on basic consumer goods and services (food and energy) and on the cost of housing for purchase and rent.

Without regulatory measures and public intervention that adjust the cost of housing (and other essential goods and services) to the ability of households to pay, the crisis in living conditions that a large part of the working class is experiencing will continue to worsen.

In Spain, the subsidised housing stock is around 2.5% of the total number of main homes, in contrast to the EU-27 average of 9.3% and a far cry from more than 22% in countries such as Austria, Denmark, the Netherlands and France.

Given the current situation of demand and lack of supply of affordable subsidised housing, it is necessary for Public Administrations to build, but also to acquire and refurbish empty private housing that has already been built, being essential that the entire stock that is built remains permanently as subsidised public housing. To avoid the downgrading of public housing, the State must monitor these operations through the application of the following articles of the Housing Law: "28 Guiding criteria in the management of public housing stocks" and "29 Destination of public housing stocks."

In turn, the Housing Law must be corrected, in the sense of authorising local authorities to declare "housing crisis areas" if the conditions for such are met. This correction must pivot on the recognition and competence of the State to guarantee the constitutional right to decent housing for the entire population regardless of where they live.

Finally, it is essential for the State to regulate a common legislative framework for tourist housing, as well as the regulation of seasonal rentals and rooms, which are becoming the formula used by many landlords to circumvent the limits on price increases set out in the Housing Law.

Question 8:

Please provide updated information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as at risk of poverty, persons with disabilities and the elderly. Show the trend of the last 5 years, as well as the forecasts for the next few years.

8.1. On the at-risk-of-poverty rates of the population as a whole.

The 2024 "Poverty Watch" Report by the European Anti-Poverty Network (EAPN), based on data from the latest Living Conditions Survey of 2023, by the National Institute of Statistics, (INE in Spanish), indicates that in 2023:

- **AROPE RATE.** "26.5% of the Spanish population, some 12.7 million people, are at risk of poverty and/or social exclusion (AROPE rate). This figure represents an increase of 0.5 percentage points compared to the previous year, i.e. about 240,000 more people."

In relation to the two main components of the AROPE rate, these are the conclusions of the aforementioned report for 2023:

- **AT-RISK-OF-POVERTY RATE.** "20.2% of the Spanish population, i.e. about 9.7 million people, is at risk of poverty. The figure has hardly improved compared to the previous year, and maintains the recovery produced after the deterioration caused in the two previous crises."

"Compared to 2015, the reference year for assessing the commitments made in the 2030 Agenda, the poverty rate has been reduced by 1.9 percentage points. To maintain a proportional evolution, in 2023 the poverty rate would have to be 16.2%, i.e. four percentage points and 2 million people less than the registered value."

- **SEVERE MATERIAL AND SOCIAL DEPRIVATION.** "In 2023, 9.0% of the Spanish population - 4.3 million people - lived with severe material and social deprivation. With an increase of 1.3 points compared to last year, it reached the highest value in the entire historical series."

"Of the available items, 6 have increased and only the one that refers to not being able to go on holiday at least one week a year has decreased very slightly (decreasing 0.3 p.p. to 33.2%). In addition, it is worth noting the 3.6-point growth in the number of households that cannot keep their home at an adequate temperature in winter, indicating that it has practically tripled in the last four years."

"The proportion of people living in households that do not have the capacity to meet an unforeseen expense has increased for two years in a row, rising from 33.4% in 2021 to 37.1% in 2023. It is also worth noting the inability to afford a meal with protein every two days, which increased by one point in 2023, resulting in two consecutive years of increases (from 4.7% to 6.4% currently)."

8.2 On at-risk-of-poverty rates for children, families at risk of poverty, persons with disabilities and the elderly.

- In 2023, more than 2.7 million children and adolescents were AROPE, i.e. 34.5%. This figure represents an increase of 2.1 points compared to the previous year.
- In 2023, 31% of people with disabilities are at risk of poverty and/or exclusion, one percentage point more than the previous year.
- One in five older people is at risk of poverty and/or social exclusion (20.9%), which is about 2 million people. Without pensions, the poverty rate among the elderly would increase fourfold; In the absence of pensions, in 2023 the percentage of 18.3% would rise to 81.7%.
- Single-parenting and single-parenthood in Spain are ignored, and the greater risk of poverty and the mental, economic and labour burden of "single parenting" are not taken into account.

In relation to the redistributive function of the State, in 2023: "the public administration, by means of all transfers, has managed to reduce the at-risk-of-poverty rate from 42.6 % to 20.2%, i.e. it has lifted a total of 10.6 million people out of poverty."

8.3. On trends in the last 5 years and forecasts in the next 5 years

The EAPN report points out that "Spain does not maintain an adequate proportional reduction in its poverty and/or exclusion rates to achieve the objective committed to in the 2030 Agenda."

It is necessary to continue strengthening the redistributive role of the State since "economic growth alone is not enough to fight poverty and exclusion. Neither the increase in average incomes, nor job creation, nor the increase in GDP per capita automatically translate into a proportional reduction in poverty and social exclusion."

Madrid, July 4, 2024