

PROPOSAL FOR AN INCREASE OF THE AMOUNT OF THE ANNUAL CONTRIBUTIONS

Dear Colleagues,

As announced at the Central Council meeting in Taipei, last September, please find hereinafter the proposal for an increase of the annual contributions and some data and information to understand the grounds for the proposal.

IAJ members are divided into four groups of contributions:

1st group: 1.767 € - 17 members

2nd group: 1.178 € - 5 members

3rd group: 706 € - 18 members

4th group: 352 € - 52 members

The **total expected yearly income** is, therefore, 66.941 € and, according to art. 10 of the IAJ Constitution, this amount serves “to **meet the running costs of the Association**”.

The **amount of the annual contributions has never changed since 2002**, although it is a fact of common experience that the value of money decreases with time and, twenty years later, one cannot buy the same goods and services with the same amount of money as one bought twenty years ago¹.

From an historical point of view, **the last increase** in the annual contributions **was decided** by the Central Council in Recife **in 2000** and it implied a first **augmentation of 10%** on the amount **due for 2001 and a further increase of 5%** on the amount due for 2002.

Indeed, increases in the contributions had also been decided by the Central Council in 1978, 1982, 1985, 1986 (small percentage increases, not exceeding 10 percent, but very close in time). An exceptional increase was decided in 1993, when the first group moved from 700 to 1500 ECU and the second from 400 to 1000 ECU (i.e., increases equal to 114% and 150%). A new increase of 2% was decided in 1997 and then the last one, in 2000.

This means that **for more than 20 years until 2000 the practice of the IAJ had been to regularly adjust the amount of the contributions.**

It must be noted also that in 1997 **art. 4 of the IAJ Regulation** took on its current content: “The Central Council will also establish, on the proposal of the Presidency Committee, the percentage of the **automatic increase** of the contributions”. The scope of this provision was to simplify the procedure for establishing the amount of the contributions, in order to more quickly cope with the physiological diminution of the value of money with the passage of time.

This provision, nevertheless, was never applied because of the significant amount of savings of the IAJ.

How where these savings made?

a) in the handling of the IAJ's funds, the effort by the Secretary-General has always been to elaborate the annual provisional budget taking into consideration the expected income for the following 12 months, coming from the members' yearly contributions. If part of the income

¹ One can easily verify this statement by checking, through the national statistical institutes or other websites, the revaluation of a certain sum by taking January 2002, the date of the last increase of the fees, as the starting date. Take for example the case of France (<https://www.insee.fr/fr/information/2417794>): the purchasing power of 1,767 euros in 2002 is equivalent to that of 2,390 euros in 2022. In the USA (<https://www.usinflationcalculator.com/>), the purchasing power of 1,767 USD in 2002 is equivalent to that of 3,023 USD in 2023. See the results in the annex to this paper.

remained unspent at the end of the financial year, it was added to the IAJ bank so-called "reserves";

- b) the savings accumulated by the IAJ until 2000 (74.339 €) were mainly due to the following factors:
- the **lack of professional staff**;
 - the fact that **national associations used to cover with their own funds the travel expenses of the PC members** holding their nationalities;
 - the **smaller dimension of the IAJ** (57 members at the end of 2000; we are now 92) and the few institutional commitments, and thus the rarity of travels, of the members of the Presidency Committee and the General Secretariat;
- c) the **Italian Association** (ANM) is providing, **since 2001**, an **extraordinary contribution** for the salary of the personnel of 12.395 € per year, that is to say that, up to 2023 the Italian Association donated in all to the IAJ so far, a total amount of **272.690 €**. It is worth noting that this sum is given **in addition to the yearly membership fee** and without ever pretending to select the staff, to interfere with the daily life of the IAJ, nor with its general policy or the order of its priorities. After 2000, the reserves have increased considerably, reaching their maximum amount at the end of 2016 (298.041,69 €).

Since then, the trend of reserves has been downward. At the end of the financial year 2022-2023, the reserves were about 129.000 € lower than in 2016.

What caused the diminution of the savings?

- a) the **expenses for the professional staff** (salaries, pension contributions, salary of labour consultant) are at present **the largest expenses in the General Secretariat's budget**. After the first assistant was hired in 2001, the special fund guaranteed by the ANM was sufficient for a long time, due to the fact that the contract entered into with the assistant at that time had few guarantees/social security costs (in particular, it did not provide for overtime pay and the pension contributions were very low). This is no longer possible **under current labour legislation**, so that now the assistants "cost" more and it has become **impossible to make savings with respect to the expenditures for the personnel**;
- b) the **expenses for the activities** of the members of the **Presidency Committee** have **increased** both **because institutional commitments have increased** and because practice has changed and their **respective national associations are no longer willing to fund their travel expenses** from their own budgets²;
- c) the **consumption of their reserves by the Regional Groups implies the diminution of the total reserves** of the IAJ, of which they are part as well as their savings contribute to the total reserves of the IAJ;
- d) since the last increase in the amount of the annual contributions, in 2002, **the rate of inflation has grown**, with particular speed after the breakout of the war in Ukraine.

Given the recent downward trend in reserves, due to the impact of inflation, increased activities of the IAJ organs and personnel costs, and given that the IAJ is unlikely to increase its membership so much as to have significant increases in income, **we have to expect that, should the expenditure trend in next years be equal to the last one** (i.e. about 45.000 euro more than the annual expected incomes), **in the space of 3 years reserves will run out and the annual incomes will not be sufficient to meet the running costs of the IAJ**, as foreseen by the Constitution.

² Please take into consideration that there have been cases in which the IAJ President *pro tempore* did not asked any reimbursement for the entire duration of his/her mandate. Moreover, the two Vice-presidents not being President of a Regional Group until recently were not granted any reimbursement for their participation to the PC and CC meetings.

A first remedy is to **consider** an increase in the annual contributions, at least **to compensate for the inflation**, what means an **increase of 50%** just for compensating the loss of value of the contributions since their last increase, in 2002.

Please find in the table below the present amount of the annual contributions, their true value (increased of 50,59% according to the Italian National Institute for Statistics - <https://rivaluta.istat.it/>) and the amount proposed by the General Secretariat (increased of 50 %).

Groups of cotisation	N° associations per group	annual fee	present total	appreciation ISTAT 9.2023	total ISTAT	50%	total (+50%)
1	17	1.767,00	30.039,00	2.661,00	45.237,00	2.650,00	45.050,00
2	5	1.178,00	5.890,00	1.774,00	8.870,00	1.767,00	8.835,00
3	18	706,00	12.708,00	1.063,00	19.134,00	1.059,00	19.062,00
4	52	352,00	18.304,00	530,00	27.560,00	528,00	27.456,00
expected incomes per year			66.941,00		100.801,00		100.403,00
				var. %	50,59%	var. %	50,00%

In the table below, you can see what should have been the true amount of the contributions in the years between January 2016 (when the savings started to diminish) until today.

jan 2002	jan 2016	jan 2017	jan 2018	jan 2019	jan 2020	jan 2021	jan 2022	jul 2022	jan 2023	sep 2023
1.767,00	2223	2244	2.263	2279	2.290	2295	2.401	2504	2.638	2.661,00
1.178,00	1482	1496	1.509	1520	1.527	1530	1.601	1669	1.759	1.774,00
706,00	888	897	904	911	915	917	959	1000	1.054	706,00
352,00	443	447	451	454	456	457	478	499	525	530,00

Of course, we understand that you may find a proposed 50 percent increase surprising, but it must be remembered that for 22 years **the automatic fee-adjustment rule in article 4 of the Regulations has never been applied**. This happened **because there were large savings**, but now that the savings are not sufficient, in prospective terms, to allow the survival of the IAJ it is necessary to realize in one shot the adjustment that has not been done in small doses over these twenty years.

The defence of judicial independence worldwide is becoming not only a complex and a difficult question, but also a more and more expensive one. More and more often we are requested to participate in events and initiatives that we cannot ignore, otherwise we risk to be put apart and become irrelevant. If we want to keep on our decisive role, the credibility and the place we earned through decades of hard work in the world-wide scenario, we must dispose of the means and resources that today's world and international relations require. We are confident that you will understand our message and, together with the Presidency Committee, you'll help us all to solve in a satisfactory way this problem.

The IAJ Secretariat-General

<https://www.insee.fr/fr/information/2417794>

Convertisseur

Somme à convertir :

Monnaie d'origine : Année d'origine :

Monnaie de conversion : Année de conversion :

Résultat : 2 390,36 Euros

Compte tenu de l'érosion monétaire due à l'inflation, le pouvoir d'achat de 1 767,00 Euros en 2002 est donc le même que celui de 2 390,36 Euros en 2022.

<https://www.usinflationcalculator.com/>

The U.S. Inflation Calculator measures the dollar's buying power over time.

Inflation Calculator

If in (enter year)

I purchased an item for \$

then in (enter year)

that same item would cost: **\$3,023.14**

Cumulative rate of inflation: **71.1%**

Learn how this calculator works. The US Inflation Calculator uses the latest US government CPI data published on Oct. 12 to adjust and calculate for inflation through Sept. (See recent inflation rates.) The U.S. Labor Department's Bureau of Labor Statistics will release inflation data for October on Nov. 14.