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UNITED NATIONS COMMON SYSTEM

UNITED NATIONS PENSION SYSTEM

Note by the Secretary-General

The Secretary-General has the honour to transmit herewith, for consideration by the General Assembly, a statement adopted by the Administrative Committee on Co-ordination (ACC) at its second regular session of 1990.

Annex

Statement by the Administrative Committee on Co-ordination

1. Through the comprehensive review of conditions of employment of staff in the Professional and higher categories, the General Assembly has approved a number of measures designed to enhance competitiveness and improve United Nations common system employment conditions.
2. Despite these efforts, our conditions of employment continue to be beset by instability, which leads to anxiety and insecurity; salary levels are still not competitive. ACC thus endorses those proposals being made to the Fifth Committee, both by the International Civil Service Commission (ICSC) and by the United Nations Joint Staff Pension Board, which enhance competitiveness and provide for the evolution of the remuneration and pension systems in a stable, comprehensible and predictable manner.
3. Further improvements are being proposed in terms of providing a more accurate reflection of housing in the post adjustment system, recasting the rental subsidy scheme, raising the base/floor salary, revising education grant maximum reimbursement levels and taking measures to improve the post adjustment system. These are strongly supported.
4. Improvement in the measurement of housing between duty stations and in the rental subsidy scheme are long overdue and the Commission's recommendations in these areas are welcomed. ACC also supports ICSC's proposal to increase the base/floor salary by 8.5 per cent. Although it has little or no immediate impact on headquarters locations, this adjustment will set in motion the systematic updating of the base/floor salary to match the salaries paid by the comparator in Washington. It also has an important effect on the allowances of staff in the field.
5. The regular review of the levels of the education grant is another measure which is essential to the stability of the remuneration system. The education grant is a key feature of United Nations system employment conditions; its evolution must continue to be reviewed in the light of the rapid inflation in education costs. ACC, therefore, strongly supports the proposals to adjust the maximum levels of reimbursable expenses in five currencies this year.
6. But even these improvements may be eroded by unanticipated factors such as the instability of exchange rates. For example, in the course of this past year, many of those anticipating retirement in 1991 and thereafter have been faced with the prospect of their pension benefit being cut in local currency terms by up to 29 per cent.
7. Thus, the Pension Board's decision to seek a long-term solution to the determination of initial pension benefits is of the highest importance. We welcome the Board's recommendation to provide transitional measures to safeguard until March 1992 individual pension entitlements for staff in service on

31 December 1990. However, this measure does not solve the fundamental problem; action must be taken in the coming year to put in place a system which will offer a base pension benefit world wide which can be adjusted to local conditions without the need for speculative action on the part of the participants in the Fund.

8. There remains one other matter which is of particular importance in the context of maintaining the predictability of the evolution of United Nations remuneration. This relates to the potential for a further freeze on post adjustment, about which the executive heads are gravely concerned.

9. The salary levels of the comparator civil service are acknowledged to be lagging way below those of the United States private sector. Moreover, there are indications that, as a result of a longer-term review of United States pay levels, measures may be taken as early as 1992 to begin to align United States federal civil service salary levels again more closely with those of the private sector. It would be wholly inappropriate for measures to be taken that would freeze United Nations common system emoluments in 1991 only to have them advanced again in 1992 or thereafter. Such a stop-go system cannot be countenanced.

10. ICSC's request to the General Assembly to reconsider that aspect of margin management which requires the average margin to be maintained at around the mid-point of the range over a five-year period should be interpreted as a minimum for the period 1990-1992 so as not to negate the salary increase approved in July 1990. ICSC should be requested urgently, even at its forthcoming special session, to devise a way of ensuring that purchasing power is maintained across the United Nations common system and, in the mean time, also to ensure that the post adjustment system operates smoothly through the coming year in accordance with the normal movement of the cost of living at the base of the system. Towards this end, ICSC should be asked to examine ways of preventing the necessity of a freeze.

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