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at 12.30 p.m.

New York

SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. ABRASZEWSKI (Poland)

Chairman of the Advisory Committee on Administrative
and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 12.30 p.m.

AGENDA ITEM 112: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued)
(A/37/30; A/C.5/37/29)

1. Mr. DITZ (Austria) said that the report of the International Civil Service Commission (A/37/30) covered a wide range of subjects and that his delegation wished to focus on three, namely, the level of pensionable remuneration, a salary increase for Professional staff and the age of retirement.
2. As a result of the new system for adjusting pensionable remuneration adopted by the General Assembly at its thirty-fifth session, an increase of 7.1 per cent in the level of pensionable remuneration had taken effect from 1 October 1982. In accordance with the new system, the level of pensionable remuneration was adjusted whenever changes occurred in either the weighted average of post adjustments (WAPA) or the United States consumer price index. While the movement of WAPA alone would not have justified an increase since that index had actually declined between 1978 and 1982, the increase in the United States consumer price index from 100 in July 1981 to 107.1 in July of the following year had required a corresponding rise in pensionable remuneration for benefit as well as contribution purposes. The revised system did not eliminate the admitted flaws of the old one and would require Member Governments to make additional contributions to the Pension Fund. He asked how much Member States would have to pay for the increase and expressed that hope that ICSC would devise a technically more satisfactory method of adjusting pensionable remuneration.
3. His delegation could not hide its disappointment that ICSC, the body most competent to provide guidance in matters of salaries, had been unable to recommend a clear course of action with regard to the Professional staff. While he was sympathetic towards staff demands, a salary increase, particularly during the current difficult period for the world economy, could not be based exclusively on a loss in purchasing power. Other factors had to be taken into account. Professional salaries in the United Nations system had always been based on the Noblemaire principle, which was intended to ensure that United Nations salaries were competitive with those offered by the highest paid national civil service. If the United Nations salary level was adequate, the Organization should not have serious problems in attracting and retaining staff. His delegation therefore wished to know whether the Secretariat was encountering difficulties in recruiting and retaining sufficiently qualified staff in the comparator country and, if so, whether the difficulties were related primarily to the level of remuneration offered. Those questions would have to be answered before a decision on an increase in Professional salaries could be taken.
4. United Nations compensation need not be based, in every respect on the pattern of compensation in the comparator civil service. For example, new appointees or staff members transferred from one duty station to another were confronted with a variety of serious financial problems, including extraordinarily high rents in the New York area and at other major duty stations. Clearly, some relief was in order,

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(Mr. Ditz, Austria)

and his delegation was pleased that ICSC had studied the possibility of introducing a housing allowance. However, speed was of the utmost importance in that regard and he therefore proposed that the Fifth Committee should request ICSC to take up the question at the earliest possible date and to report its findings to the thirty-eighth session. Such an allowance would help those in greatest need, particularly young families, and would probably cost only a fraction of what a general salary increase would cost.

5. The question of retirement should be discussed in the light of the reports and recommendations of both ICSC and the Joint Staff Pension Board, and the comments of the Advisory Committee. His delegation considered that a pragmatic approach was probably the best and agreed with ICSC that a hasty decision to change the mandatory age of retirement should be avoided. On the other hand, it was highly undesirable that the Secretary-General as executive head of the system should not have the discretionary power to extend staff members beyond the age of 60 when that was their wish and they had given satisfactory service and were in good health. Any change in the age of retirement should not, of course, affect the rights of those who wished to retire at the age of 60 or earlier.

6. Mr. JOHNSTON (United States of America) said that, of the subjects dealt with in the report of ICSC, his delegation held several to be of major importance to the effective operation of the United Nations system, including the age of retirement, the comparison of total compensation and the remuneration of Professional staff. His delegation had already commented on the question of career development under agenda item 111.

7. His delegation was basically sympathetic towards the Commission's findings and recommendations with respect to the education grant, supplementary payments to international civil servants and adjustments in the special index for pensioners to reflect lower taxes. On the other hand, it could not support the recommended increase in the children's allowance to \$700. That allowance was intended as a substitute for the tax abatement normally granted to parents or guardians under national income tax laws. The only proper way to set the amount of the allowance was in comparison with the tax abatement normally enjoyed by an employee of the comparator national civil service. Accordingly, his delegation considered that the current allowance of \$450 was adequate.

8. The question of employment policy for senior employees in terms of long service deserved prompt attention and action. The Joint Staff Pension Board was proposing an increase in the mandatory age of retirement from 60 to 62. That would be a valuable first step towards fuller utilization of the skills and talents of senior employees. The United Nations system would benefit from retaining those employees who chose to work beyond the age of 60 and the employees would be able to realize their desire to extend their careers of public service. His own Government had eliminated mandatory retirement for its civil servants in 1978 and, based on its experience, strongly commended acceptance of the Pension Board's proposal.

9. With regard to the comparison of total compensation of United Nations staff and their counterparts in the United States Civil Service, his delegation believed

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(Mr. Johnston, United States)

that ICSC had significantly understated United Nations compensation, which was, in fact, about 35 per cent higher than that received by United States civil servants. The comparisons made by ICSC of leave benefits, the length of the workday and overtime pay practices were not correct in every instance since it had made no adjustment to reflect the fact that United Nations salaries were drawn for fewer days and hours of work per year. ICSC had also failed to take into account the differences in the salary ranges within pay grades in the United Nations and United States systems. A United Nations staff member might earn as much as 40 per cent more at the top step of the pay grade than at the base, whereas the corresponding figure for United States Civil Service employees was 30 per cent. Finally, ICSC had failed to note recent changes in United States compensation practice, such as reductions in disability retirement benefits. His delegation therefore intended to submit a letter to the Chairman of ICSC and to the Assistant Secretary-General for Personnel Services transmitting a more detailed analysis in support of its conclusions. Copies of the letter would also be made available to interested delegations.

10. Even admitting the contention of ICSC that the ratio between the net base salaries of the United Nations and the United States Civil Service was 118 to 100, that level was a good deal higher than the Noblemaire principle required and also higher than the margin historically regarded as desirable by ICSC and the General Assembly. The aim of the Noblemaire principle was that pay should be sufficient to attract qualified staff from all countries, and the best case for a pay increase would thus be a demonstration that the United Nations could no longer recruit and retain good employees. In fact, there was considerable evidence that the United Nations remained an extremely attractive employer and little or no evidence to the contrary. That was illustrated dramatically by the large numbers of candidates who had vied in recent competitive examinations for appointments to the lowest paying Professional grades and the many qualified applicants who had placed their names on rosters for specialized posts at other levels. Further evidence was the continuing need to monitor the geographical distribution of posts to protect against over-representation. From the standpoint of compensation, at least, the United Nations could and should be considered, in the words of the Secretary-General, a "good employer".

11. His delegation did not dispute the finding that the purchasing power of Professional salaries had diminished at the base of the system by 5.4 per cent since 1971. That resulted from the fact that increases in post adjustment were quite properly intended to compensate only for those items affected by rises in the cost of living at a given duty station. However, real income had declined even more in both the public and private sectors not only in the United States but in other countries as well. A common misconception was that the Professional staff of the United Nations had not had a pay raise since 1975. That was not so. The combination of salary and post adjustment had more than kept up with salaries in the United States civil service during the preceding seven years. The post adjustment system thus ensured United Nations staff inflation-proof salaries and shielded them from the effects of the world-wide economic difficulties of recent years.

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(Mr. Johnston, United States)

12. There was also the question of whether Member States could afford a pay increase. A 5 per cent pay increase would mean an additional amount of more than \$13 million in the United Nations budget and \$27 million in the budgets of the specialized agencies. Nearly every Member State was finding it necessary to manage its resources more carefully, to make hard choices and to require sacrifice of its citizens. The proposed salary increase forced the General Assembly to make just such a choice. Approval of an increase would raise the cost of administering every United Nations programme, with no anticipated increase in effectiveness, and would thus be tantamount to voting for a cut in programme activities. Such a cut would strike hardest at the voluntarily funded agencies. Their expenses would increase significantly as a result of higher salaries but contributions would probably not keep pace. The activities of such organizations as UNDP and UNICEF would have to be curtailed and millions of dollars originally targeted for projects and services would instead be eaten up by higher staff costs.

13. If United Nations salaries had long been in decline and had fallen below a desirable margin, the Organization would simply have to find the money to fund an increase. But, in fact, United Nations pay had more than kept pace with that of the comparator civil service and the margin of remuneration had remained comfortably above the target level of 115 to 100. That target, moreover, was precisely intended to compensate for the expatriate factor alluded to in the statement of the Administrative Committee on Co-ordination. The case for a salary increase, which was woefully weak within its own frame of reference, became absolutely insupportable in the larger context of its potential effect on United Nations programmes and the finances of Member States. The United Nations Professional staff continued to receive almost complete protection from the loss of real income through the operation of the post adjustment system. That they should forgo an increase in real income, given the liberality of their compensation, was not an undue sacrifice to ask. The paramount importance of maintaining vital United Nations programmes must be recognized.

The meeting rose at 1.15 p.m.