United Nations
GENERAL ASSEMBLY
THIRTY-EIGHTH SESSION
*Official Records**

FIFTH COMMITTEE
38th meeting
held on
Tuesday, 15 November 1983
at 3 p.m.
New York

SUMMARY RECORD OF THE 38th MEETING

Chairman: Mr. KUYAMA (Japan)

later: Mr. MONTHE (United Republic of Cameroon)

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

CONTENTS

AGENDA ITEM 118: UNITED NATIONS PENSION SYSTEM: REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued)

AGENDA ITEM 117: UNITED NATIONS COMMON SYSTEM: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued)

*This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned *within one week of the date of publication* to the Chief of the Official Records Editing Section, room DC2-750, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate fascicle for each Committee.

Distr. GENERAL
A/C.5/38/SR.38
28 November 1983
ENGLISH
ORIGINAL: SPANISH

83-57738 1776S (E)

/...

The meeting was called to order at 3.15 p.m.

AGENDA ITEM 18: UNITED NATIONS PENSION SYSTEM: REPORT OF THE UNITED NATIONS JOINT STAFF PENSION BOARD (continued) (A/38/9 and Add.1 and Add.1/Corr.1 and Corr.2; A/38/547; A/C.5/38/19)

1. Mr. HOUNGAVOU (Benin) said that his delegation was prepared to support the Board's recommendations which were not controversial in that they served to strengthen the financial base of the pension system.

2. The recommendation that the statutory age of separation be raised to an age higher than 60 (A/38/9, para. 24 (b)) was vague and his delegation believed that the Board should resume its analysis of the question, taking into account its implications for career prospects and for the principle of equitable geographical distribution.

3. Mr. SARRIS (Greece), speaking on behalf of the ten member States of the European Economic Community, said that it was important to consider the reasons for the persistent actuarial imbalance of the Fund. Since it was not a cash deficit, there were no grounds for invoking article 26 of the Regulations of the Fund in the current circumstances.

4. The actuarial valuation was based on a calculation involving certain assumptions about future trends in the flow of contributions paid to the Fund by staff members and organizations, the net income derived from investments, and the payment of benefits. One of the causes of the actuarial imbalance was perfectly natural since the number of staff who had retired in recent years was higher than in the first decades of the Organization, when most of the staff had still been young. In future, that situation should stabilize. The second cause was the relatively limited income produced by investments; in that respect the criteria of safety, profitability, convertibility and liquidity should prevail in managing the investments of the Fund. The third cause was the progressive liberalization of benefits. The ten EEC countries believed that the pensions paid by the Fund should bear the same relation to pensions in the comparator Civil Service as did salaries, but were not sure that that was the case.

5. The ten EEC countries had noted with interest and concern the statement made by the representative of Belgium which had posed a number of serious questions about the way in which the level of benefits was calculated and the compatibility of that level with the Noblemaire principle. They had also understood from that statement that the application of the various formulas and regulations had resulted in unequal rates of increase in the pensions of the different ranks; the figures showed that over the past 12 years, in which pensions had more than tripled, higher pensions had risen more quickly than the others.

6. Furthermore, it appeared that in recent years no comparison had been made between the pensions of United Nations retirees and those of the United States Federal Civil Service; the EEC countries believed that, since the General Assembly

(Mr. Sarris, Greece)

had repeatedly reaffirmed the value of the Noblemaire principle, the conduct of a comparative study was an essential prerequisite in deciding how to resolve the problem of the actuarial imbalance.

7. The ten EEC countries viewed with reservation the Board's proposal (A/38/9, para. 27 and Annex IX) that the total rate of contribution should be increased from 21 per cent to 24 per cent over the following four bienniums, and the amendment recommended by the Advisory Committee (A/38/547, para. 6) that the General Assembly should approve only the 0.75 per cent increase proposed for 1 January 1984. As the ten EEC countries had made clear in the past, they believed that it was necessary to respect General Assembly resolutions 3526 (XXX), 31/196, 33/120 and 35/215 specifying that changes in the pension adjustment system should not require any increase in the current or future financial liabilities of member States.

8. In view of the importance of the subject under consideration, the Committee should proceed very carefully. The ten EEC countries agreed with the suggestion of the representative of Belgium that the International Civil Service Commission (ICSC) should be requested to conduct a study on the relationship between United Nations pensions and those of the United States Federal Service, and that the Board be invited to consider other ways of eliminating the actuarial imbalance of the Fund, for example by raising the interest rate used in the computation of periodic benefits; they also agreed that, in order to be able to adopt measures in the light of all that additional information, the decision on a possible increase in the current rates of contribution should be deferred until the following session of the General Assembly. The ten EEC countries wished to make it clear that they did not object in principle to an adjustment of the rates but currently they were not convinced that a change was necessary; they reserved the right to refer to any of the matters mentioned in the Board's report (A/38/9 and Add. 1) if necessary.

9. Mr. TOMMO MONTHE (United Republic of Cameroon) took the Chair.

10. Mr. OUEDRAOGO (Upper Volta) said that it was gratifying that the economy measures adopted by the General Assembly at its previous session had reduced the current imbalance of the Fund (A/38/9, para. 19). In order to correct the imbalance which still persisted, the Board proposed a progressive increase in the rate of contribution from 21 per cent to 24 per cent (A/38/9, para. 27 and annex IX) over the next six years. His delegation, however, preferred the Advisory Committee's recommendation that only the 0.75 per cent increase proposed for 1 January 1984 (A/38/547, para. 6) should be approved, and that at a later stage the Assembly would have an opportunity to delay or rescind the other increases; indeed, it was not appropriate, in the context of the preparation of a biennial programme budget, to commit the organization beyond the 1984-1985 biennium.

11. In relation to the proposed increase in the rate of contribution, it was doubtful whether it was necessary to maintain the ratio of 1 to 2 between participants and organizations. Under the retirement schemes of the World Bank and the International Monetary Fund, the contribution rate for staff was 7 per cent but the employer's contribution was over 14 per cent. Morever, under article 26 of the

(Mr. Ouedraogo, Upper Volta)

Regulations of the Fund, participants were not required to increase their rates of contribution to cover actuarial deficits of the Fund. Instead, it was specified in that article that if an actuarial valuation of the Fund showed a deficit, the member organizations (namely the Member States) would pay into the Fund the sum necessary to make good the deficiency.

12. Another solution to the actuarial imbalance in the Fund was to effect savings. In that respect the delegation of Belgium, supported by the representative of Greece on behalf of the ten member countries of the EEC, had put forward arguments which had at first appeared to suggest that the pensions paid by the Fund were too generous and were not related to those of retired civil servants in the United States. However, it was doubtful whether the United States was still a valid basis for comparison, particularly in view of the limitations imposed on the salaries of senior officials of the federal administration. It was perhaps necessary, in implementation of the Noblemaire principle, to use as a reference the public administration of other Member States of the United Nations.

13. It was regrettable that adjustments based on the weighted average of post adjustments were always upward in practice, never downward. It would therefore seem to be difficult and unjustified to subordinate the adoption of remedial measures for the Pension Fund to a review of the post adjustment system, which would have to be carried out with the utmost care and would consequently take a long time.

14. With regard to the pension levels described by the Belgian delegation, it should be borne in mind that the figures cited were for staff members who completed between 20 and 32 years of service, whereas many staff members, particularly those from developing countries, remained with the organizations less than 20 years.

15. In his delegation's view, it was necessary to find a compromise formula that would reconcile the concerns of the Belgian delegation and the EEC countries with the need for the organizations to demonstrate to their staff members that they were prepared to seek a just solution in the matter of the actuarial imbalance. Accordingly, even if the 0.75 per cent increase scheduled for 1 January 1984 was agreed to, the Pension Board should be asked to consider other ways of eliminating the deficit and to report on the subject to the Assembly at its fortieth session. Also, if the Fifth Committee adopted the Belgian delegation's proposal that ICSC should be asked to report on the relationship between United States federal civil service pensions and those of the United Nations common system, his delegation was of the view that ICSC should also compare United Nations system pensions with those of certain other countries and of the World Bank and IMF.

16. As to the decision of the Director-General of ILO to propose to the Governing Body of that organization the creation of a complementary pension scheme, his delegation, although it recognized the independence of the Governing Body of ILO, could not support the arguments presented, because the membership of ILO was virtually the same as that of the other organizations participating in the common system, which might be seriously impaired by a precedent of that kind.

17. The CHAIRMAN drew to the attention of the representative of the Upper Volta the report submitted by ICSC at the thirty-fourth session, which contained an explanation of the Noblemaire principle and its application (A/34/30, paras. 125-130).

18. Mr. SOKOLOVSKY (Byelorussian Soviet Socialist Republic) said that his delegation roundly rejected the Pension Board's recommendation for a gradual increase between 1984 and 1990 in the total rate of contribution from 21 to 24 per cent of pensionable remuneration (A/38/9, para. 27) and was amazed that the Advisory Committee had given in to the pressures of the Board. It hoped that in future the Board would abide strictly by General Assembly resolutions 3526 (XXX) and 33/120, which ruled out any increase in the existing or future liabilities of Member States. The reduction in the actuarial imbalance resulting from the economy measures approved at the preceding session (A/38/9, para. 19) demonstrated that improvements could be made without adding to the financial burden of Member States. The actuarial deficit had arisen not because contributions were inadequate but because the benefits paid by the Fund had increased constantly and there had been all kinds of pension adjustments. Viewed in the light of the Noblemaire principle, those benefits were higher than the benefits paid to the federal civil servants of the comparator country. The Board should recognize that it was necessary to rectify the adjustment mechanisms and to refrain from approving any enhancement of the benefits until the Fund's imbalance had been eliminated.

19. His delegation was also opposed to the Board's recommendation for an increase in the statutory age of separation from 60 to 62 years (A/38/9, para. 29) because of the adverse effect on personnel policy, including in particular the application of the principle of equitable geographical distribution.

20. The Director-General of ILO was proposing a complementary pension scheme for the Professional and higher categories of ILO (A/38/9, para. 62). His delegation agreed with the Board and the Advisory Committee that a scheme of that nature would have a detrimental effect on the actuarial situation of the Pension Fund. It would also impair the integrity of the international civil service.

21. As to investment policy, his delegation believed, as in previous years, that the criteria of safety, liquidity and profitability should be applied and that the investment portfolio should be diversified; such a policy would make it easier to improve the Fund's actuarial situation.

22. Lastly, he said that it was necessary to counteract the effects of the inflation experienced by many countries, through the adoption of all possible economy measures and the application of a scientific and judicious investment policy.

23. Mr. LAHLOU (Morocco) said that he was opposed to the renewed recommendation of the Pension Board whereby, in order to alleviate the Fund's actuarial imbalance, the statutory age of separation would be raised to 62 years (A/38/9, para. 29). The General Assembly had thoroughly examined the question of the retirement age and had expressed its opinion. Acceptance of the Pension Board's proposal in order to

(Mr. Lahlou, Morocco)

solve the minor problem of the Fund's actuarial situation would compound the more important problem of inequitable geographical distribution in the secretariats of the United Nations system.

24. Concerning the investments of the Fund, he recalled that some years earlier it had been stated that it was entirely feasible to invest the Fund's assets in the developing countries, especially those in Africa. Yet the current report of the Board mentioned possible risks to such investments. He himself saw no risk and wondered why the investments of the Fund had not been spread among the developing countries. In that connection, it should perhaps be borne in mind that the Investments Committee consisted of five members from industrialized countries and only three members from developing countries. In other words, the latter were under-represented.

25. With regard to the financial obligations of pensioners to their spouses or former spouses (A/38/9, para. 56), there was no denying the complexity and difficult social aspects of the question. He none the less supported the view of the Board that the matter should be left to the competent national tribunals, where it properly belonged.

26. Concerning the ILO complementary pension scheme, which would be financed by contributions from the ILO budget and the staff covered under the scheme, his delegation felt that that proposal was inconsistent with the status of the international civil servant. In addition, the benefits and privileges under the scheme would greatly exceed those accorded to the federal civil servants of the comparator country, and that would be at variance with the Noblemaire principle. He therefore joined with the representative of the Upper Volta in considering the scheme unacceptable.

27. He supported the recommendation of the Pension Board that its authority to contribute up to $100,000 a year to the Emergency Fund should be continued in 1984 (A/38/9, para. 67).

28. Lastly, his delegation endorsed the Advisory Committee's proposal that, for the time being, the General Assembly should approve only the first increase of 0.75 in the rate of contribution, to take effect on 1 January 1984 (A/38/547, para. 6).

29. Mrs. FELDMAN (Canada) said that, while the actuarial imbalance of the Fund had declined, further remedial action was warranted. In that regard, the Board had recommended gradual increases in the total rate of contribution from 21 per cent to 24 per cent over six years (A/38/9, para. 27 and annex IX). Her delegation supported the proposal of the Board in principle but agreed with ACABQ that only the initial increase of 0.75 per cent should be approved and that the situation should be reviewed by the General Assembly at its fortieth session (A/38/547, para. 6).

30. Her delegation endorsed the Austrian delegation's suggestion at the 36th meeting of the Committee that the Committee of Actuaries and the Pension Board should make a comprehensive analysis of the question of withdrawal settlements and lump-sum payments. In particular, they should re-examine the rate of interest used to calculate lump-sum payments and amounts paid out of the Fund.

/...

(Mrs. Feldman, Canada)

31. With regard to the mandatory age of separation, her delegation agreed that it should be increased to 62 for reasons already mentioned in the debate. The United Nations would benefit from the knowledge and skills of experienced staff and those individuals would be employed for two more productive years. Furthermore, the actuarial imbalance of the Fund would be reduced by 0.35 per cent. However, if that solution was not possible at the current juncture, her delegation hoped that the Committee could at least agree on granting the Secretary-General much greater flexibility in the exercise of his discretionary authority to retain staff up to the age of 62, if it served the interests of the United Nations. In order to avoid an abrupt change in the existing practice, a new scheme could be introduced in two stages, allowing extensions of up to one year for staff who reached the age of 60 during 1984 and extensions of up to two years for those who reached that age after 1984.

32. With regard to the investments of the Fund, her delegation noted the increase to 14 per cent in the average rate of return over the past three years and especially commended the Controller and the Investments Committee for achieving a total return on investments of 27.05 per cent for the financial year ended 31 March 1983. However, it was noteworthy that the recent trend towards economic recovery and the high return which it had generated could not be expected to continue indefinitely. The goal remained that of steering a middle course between profitable risk and conservative security.

33. Lastly, her delegation wished to join ACABQ, the Pension Board, the Secretary-General and other delegations in expressing disapproval of the ILO complementary pension scheme. Such a scheme threatened to worsen the existing actuarial imbalance of the Fund, would discriminate against staff not in the Professional category and would undermine the common system.

34. Mr. LELLKI (Sweden), speaking on behalf of the five Nordic countries, said that the continued actuarial imbalance of the Fund augured ill for the future. Although the financial situation had seemed slightly brighter recently, he fully agreed with the Controller's warnings that there would be large fluctuations in future investment returns. The action taken the previous year must be seen as only a first step towards correcting the actuarial imbalance and he looked forward to further proposals from the Pension Board concerning ways of fully restoring the actuarial balance. In that respect, the Nordic countries were willing to shoulder their share of the responsibility and to co-operate in applying the necessary remedies, among which was an increase in the rate of contribution paid by member organizations and the staff.

35. In that connection, he drew attention to certain points made by the representative of Belgium in his statement on the question. The figures quoted by the representative of Belgium showed a socially unbalanced development, because those who had the most were receiving relatively more. That trend clearly ran counter to the social philosophy espoused by the Nordic countries when they had built their societies and also when they co-operated with the developing countries.

/...

(Mr. Lellki, Sweden)

36. Also disquieting was the indication that retirement pensions might be moving away from the generally recognized basis for remuneration, namely, the Noblemaire principle, and he shared the view that a careful examination should be made of those and other related problems so that the General Assembly would be able to take a decision on the matter.

37. He therefore supported the ACABQ recommendation that, for the moment, only the first increase in the rate of contribution of 0.75 per cent should be approved (A/38/547, para. 6) and that the General Assembly should once again review the matter on the basis of the actuarial valuation as at 31 December 1984.

38. One element of the package proposal made by the Pension Board had been the raising of the age of statutory separation to 62 years, and ICSC had been asked to study the question in co-operation with the Board. Currently, the two bodies held differing views on the matter. The Nordic countries acknowledged that the question had many aspects and that the existing personnel policy militated against such a change. They therefore advocated a more flexible retirement policy and were ready to consider an arrangement that would allow able employees to continue in service beyond the age of 60, if they so desired. If there was no agreement on the raising of the age of separation, the Nordic countries were in favour of inviting the executive heads to use their authority whenever possible to extend appointments.

39. With regard to the preparation of a special index for pensioners, the Nordic countries, although they welcomed the steps already taken and looked forward to further proposals that would achieve the highest degree of justice and fairness for pensioners residing in different countries, considered that further case studies and reports were needed before a decision could be taken on such a difficult issue. Because of the current high rate of exchange of the United States dollar, pensioners in some countries were receiving exceptionally high benefits; since, however, there was a possibility that drastic fluctuations might occur, measures aimed at maintaining maximum constancy of purchasing power were needed.

40. Both the Board (A/38/9, paras. 48 and 49) and ICSC (A/38/30, paras. 15 and 16) agreed that the current procedure (alternative (a)) should be maintained, because it would not result in additional costs. The Nordic countries were not yet in a position to speak in favour of either alternative. At first glance, at least, an index excluding the impact of national taxation but including other cost-of-living factors would seem to be unfavourable to pensioners residing in countries where - as in the Nordic countries - many social benefits were financed by high taxes and consequently were not included in the cost-of-living index. He would like to be informed whether such an effect had been foreseen and whether those fears were justified.

41. Lastly, the Nordic countries had taken note of the concern of the Board, ICSC and ACABQ that the proposed ILO complementary pension scheme might jeopardize the common pension system, and they believed that solutions to current problems must be found within the common system.

42. Mr. SAKUMA (Japan) said that his delegation was pleased to note that as a result of the introduction of economy measures on 1 January 1983, there had been a reduction in the actuarial imbalance of the Fund (A/38/9, para. 19). Nevertheless, the Board had requested the Fifth Committee to approve certain changes in the regulations that would reduce even further the imbalance that still existed under the current assumption.

43. His delegation attached great importance to the major recommendation that the total rate of contributions should be increased from 21 to 24 per cent (A/38/9, para. 27 and annex IX). It should be remembered that in various resolutions the General Assembly had decided and reaffirmed that no change in the pension adjustment system should entail an increase in existing or future liabilities of Member States. The actuarial calculations were based on a number of hypotheses regarding investment returns, inflation, interest rates or currency fluctuations. Experience showed that the real costs of the adjustment system were also subject to economic conditions. In that context, the Advisory Committee's recommendation that, at the current stage, only the first increase of 0.75 per cent in the rate of contribution should be approved was appropriate (A/38/547, para. 6).

44. In any case, the question was one that must be decided by a consensus of Member States and his delegation was prepared to participate actively in formulating a universally acceptable formula.

45. With regard to the Board's proposal that the statutory age of separation should be raised to 62 (A/38/9, para. 29), he said that the question of the age of separation was essentially a matter of personnel policy relating to the composition of the Secretariat and should not, therefore, be decided principally on the basis of Pension Fund considerations. For that reason, his delegation supported, rather, the ICSC recommendation (A/38/30, para. 168).

46. Proper investment of the resources of the Fund was very important and his delegation noted with satisfaction the high return for the year ended 31 March 1983 (A/38/9, para. 36). Although returns on investments depended largely on world markets and although investment returns should not be relied upon as the only means of solving the actuarial problems of the Fund, it was important to bear in mind that better management of investments would help greatly to improve the actuarial situation.

47. His delegation had no objections to the criterion of geographical and currency diversification being applied to the Fund's investments but it wished to reiterate that in making investments the four objectives indicated by the General Assembly, namely safety, profitability, liquidity and convertibility, should be borne in mind.

AGENDA ITEM 117: UNITED NATIONS COMMON SYSTEM: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued) (A/38/30; A/C.5/38/23 and 40)

48. Mr. HOUNGAVOU (Benin) reaffirmed the need for a unified international civil service with general principles common to all organizations of the system, so as to ensure that international civil servants enjoyed equivalent benefits and rights of

(Mr. Houngavou, Benin)

equal scope applicable to all and that certain unacceptable disparities existing between the organizations of the common system should be eliminated.

49. In principle, his delegation supported the recommendations made by the Commission in its report (A/38/30, pp. ix-xi) and considered that the financial implications of the recommendations were reasonable (A/38/30, pp. xi-xiii). Nevertheless, he wished to make some specific comments on certain aspects of those recommendations.

50. Although the ICSC's recommended adjustments to the education grant (A/38/30, para. 83) were reasonable, it would be appropriate to adopt a method whereby the ever-increasing rise in the cost of education, particularly in the seven headquarters cities, could be constantly taken into account.

51. His delegation had no objection to an increase in remuneration for Professional staff. However, that was not a priority question and in any case Benin was in no position to support the increase in assessed contributions that such a measure would entail.

52. His delegation fully supported the ICSC's recommendation that there should be no change in the mandatory age of separation and the related recommendations on preparation for retirement (A/38/30, paras. 168 and 169). Raising the age of separation from 60 to 62 inevitably affected career development prospects and impeded equitable geographical distribution, and for that reason his delegation was opposed to the practice, referred to in paragraph 154 of the ICSC report, of extending staff beyond the age of 60. The General Assembly should certainly not approve such a practice but should, rather, limit the excessive prerogatives of the executive heads. That question deserved more detailed study by ICSC, particularly with respect to its administrative and legal implications.

53. Accordingly, his delegation requested ICSC to examine carefully, at its forthcoming sessions, cases of undue deferment of the age of separation and to prepare a list of such cases for each of the organizations, particularly with respect to executive and policy-making posts. Generally speaking, such practices slowed up the genuine democratization of the international organizations and perpetuated the supremacy of a small group of developed States to the detriment of the majority of Member States.

54. The member States of the organizations should not approve a departure from the staff rules and regulations by favouring or requiring an extension of service, including staff members in political posts subject to election.

55. Mr. SAKUMA (Japan) said that at the previous session of the General Assembly the question of raising the mandatory age of separation had been examined and ICSC requested to study the matter more coherently, bearing in mind all the relevant resolutions of the General Assembly and opinions expressed in the Fifth Committee. His delegation fully supported the ICSC decision not to recommend any change at the current stage. The question should not be addressed solely from the point

/...

(Mr. Sakuma, Japan)

of view of correcting the actuarial imbalance of the Pension Fund but mainly in the context of relevant personnel policies, such as recruitment and career development prospects. His delegation considered that, before any change was introduced, every implication for the personnel policy of the United Nations system should be carefully analysed.

56. He recalled that in resolution 37/235, the General Assembly had welcomed the intention of the Secretary-General to develop and apply a medium-term plan of recruitment in order to bring the number of staff from unrepresented and underrepresented countries within their desirable ranges by 1985 at the latest. Since only one year had passed since the adoption of the resolution, it was necessary to allow the Secretary-General and the Secretariat the necessary time to achieve that goal and the Fifth Committee needed time to evaluate their efforts. At the current stage, any change in the mandatory age of separation would adversely affect those efforts and make it difficult to achieve the recruitment goal by 1985.

57. One of the more complex problems connected with the United Nations salary system was the technical aspect of the post adjustment system and the General Assembly had accordingly authorized the ICSC to establish a classification of duty stations for applying post adjustment. However, since post adjustment constituted a major part of net income, its functioning must be carefully observed. His delegation was very concerned at the results of a cost-of-living survey conducted at six duty stations (Montreal, New York, Paris, Rome, Vienna and Washington). The Fifth Committee did not examine technical and operational aspects of the post adjustment system but he believed that the classifications of duty stations should be adjusted both upwards and downwards as indicated by the cost-of-living survey. As the ICSC report pointed out (A/38/30, para. 37) the current post adjustment classifications at those six duty stations had been found to be higher than the result of the new cost-of-living survey would justify. ICSC had decided to look into the matter again at the earliest opportunity and his delegation looked forward with interest to the Commission's report.

58. The provision of quality health care for all employees of the United Nations system and their families was a very important aspect of personnel policy, and his delegation believed that the health insurance scheme of the United Nations system functioned well.

59. With reference to the observation by ICSC (A/38/30, para. 105) that staff contributions to medical insurance differed at various duty stations, he thought that the ICSC recommendation in paragraph 106 of its report, to reduce the ratio of staff members' contributions at those duty stations in which they were higher than the average for the seven headquarters duty stations, was too simple. It would be reasonable to ask ICSC to explore all possible alternatives so that the matter could be considered in greater depth at a later date.

60. The high cost of education had a great impact, especially for those working in foreign countries. He recalled that the education grant had first been introduced to help expatriate staff members to give their children the kind of education which would facilitate their assimilation in their home countries but at the present time

/...

(Mr. Sakuma, Japan)

the grant was given for children attending schools or universities in any country, including the country of the duty station. If the current trend continued, even non-expatriate staff members might become eligible for the education grant which was already placing an intolerably heavy financial burden on the United Nations.

61. The education grant should be paid only for the purposes for which it had been originally introduced; however, he would like to know how widely the ICSC recommendation for raising the maximum amount of the education grant was likely to be applied before committing himself, and for the present he would reserve his appraisal of the recommendation.

62. His delegation welcomed the ICSC recommendation to discontinue the language incentive and the fact that appropriate training facilities would be provided to enhance the language skills of staff members (A/38/30, para. 54). The system had resulted in certain anomalies and inequities, particularly for those staff members whose mother tongue was not an official or working language. Furthermore, there were some staff members whose jobs did not provide an opportunity to learn a second language.

63. His delegation was grateful to ICSC for its work in rendering personnel management policy coherent within the common system of the United Nations. Indeed, ICSC had become the agency through which the General Assembly rectified the anomalies which had developed over the years in staff employment policy. However, some organizations were trying to create more favourable working conditions for their employees by adopting or applying their own measures regarding conditions of employment, and thereby moving away from the common system. Obviously, a system in which ICSC merely approved ex post facto the measures taken by member organizations would not be satisfactory or fair and his delegation accordingly hoped that the Administrative Committee on Co-ordination (ACC) and staff bodies would co-operate closely with ICSC to strengthen the common system, bearing in mind the principle of equal pay for equal work.

64. Mr. MUENCH (German Democratic Republic) noted with satisfaction that the latest report of ICSC (A/38/30) was clearer, more concrete and shorter than those of previous years. The studies undertaken by the Commission and some of its proposals could help to regulate and co-ordinate conditions of service in the United Nations common system. Nevertheless, the recommendations in the report could not be said to comply fully with article 6 of the Commission's statute whereby the Commission must carry out its task independently and take equally into account the interests of the staff and of Member States.

65. According to ICSC (A/38/30, para. 19), the remuneration of United Nations staff members was 16.5 per cent higher than that of staff members of comparable category in the United States Federal Civil Service; according to other investigations, the figure was even higher than that. He recalled that by General Assembly resolution 36/233, ICSC must take into account all relevant elements, including the level of pensions but excluding expatriate benefits, when comparing the total compensation as between the comparator civil service and the United Nations common system. He pointed out also that remuneration at a number of duty

/...

(Mr. Muench, German Democratic Republic)

stations was unduly high because of excessive post adjustments, and that was not compatible with the Noblemaire principle. His delegation accordingly believed that those excess amounts should be frozen until remuneration had fallen to a normal level.

66. His delegation had stressed in the general debate on agenda items 109 and 110 that a formula for health insurance contributions should be found which would not place an additional financial burden on Member States. For example, there could be an increase in staff members' medical insurance contribution at duty stations where contributions were lower but excessive post adjustments were being paid. The formula proposed by ICSC (A/38/30, para. 106) would only lead to a widening of the gap. In any case, approval could not be given to a recommendation of which the consequences were not exactly defined at the time of taking a decision.

67. His delegation shared the view of ICSC that the language incentive should be discontinued (A/38/30, para. 54), since a knowledge of languages was part of the qualifications for recruitment to the Secretariat; what was needed was a language training service which was aimed at a particular purpose and would thus be more economical.

68. His delegation considered unacceptable the recommendation that the education grant should be increased by 50 per cent (A/38/30, para. 83 (a)). It would be only logical to base the exchange rate to be applied on the average rate of the previous years.

69. The term "conditions of service" was very comprehensive and included payments made to staff members as well as work carried out by them. Consequently, when considering the conditions of service, the volume of work carried out by the employees of comparable services should be taken into account.

70. The priorities set by Member States for the activities of the United Nations should also serve as a guide for subsidiary bodies and ICSC should therefore give priority to the tasks of overcoming the non-representation and under-representation of Member States in the Secretariat as set out in the medium-term plan of the Secretary-General on recruitment.

71. Mr. PEDERSEN (Canada) said that, while some decentralization of administrative authority was desirable, it was in the interest of all that ICSC should establish a common unified approach to conditions of service throughout the United Nations system. The staff of the organizations deserved the support, protection and appreciation of Member States, translated into an active defence of the principles of the United Nations.

72. With regard to the overall concept of integrated personnel management based on human resources planning, his delegation considered that the ICSC decision to create a system-wide roster of skills would lead to greater flexibility in career development by permitting staff to move more freely between organizations at all levels and would assist managers in filling staff requirements in a more efficient manner and reduce the need for consultants.

/...

(Mr. Pedersen, Canada)

73. His delegation continued to support the concept of a permanent career international civil service and believed that detailed consideration should be given to the possibility of offering a permanent contract, without a probationary term, to any staff member who had completed five years of continuing satisfactory service on a fixed-term contract.

74. His delegation was happy to note that ICSC had devoted considerable attention during the previous year to the matter of conditions of service in the field and had already included in its work programme a number of the elements which the Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations system (CCISUA) believed should have priority. His delegation had also noted with interest the comments on the issue of safety and security in the field and the need for a more co-ordinated approach to security arrangements. It was aware of the steps taken by UNDP and by ACC in that connection and urged other United Nations organizations to examine the issue more closely to see how the security of staff could be further enhanced. In view of the difficult living conditions in some areas of the world, ICSC should review the entitlements of staff members in the field in relation to such conditions. His delegation had noted with satisfaction that ICSC had requested its secretariat to obtain information on differences in medical schemes affecting General Service staff in the field.

75. On the question of cost-of-living surveys conducted at six major duty stations which had been reviewed by the Advisory Committee on Post Adjustment Questions (ACPAQ) (A/38/30, paras. 30 to 38), and particularly the possibility of increasing the post adjustment index for United Nations Headquarters, his delegation considered that ICSC should not take a decision on its own as such a decision would be binding only on the United Nations but not on other organizations. The Commission should compile all necessary information as quickly as possible and report to the General Assembly at its thirty-ninth session.

76. With regard to the health insurance scheme, his delegation considered that ICSC should consider the desirability of establishing a ceiling on the Organization's contributions after two years of operation. It also urge a more comprehensive review of health after-care coverage, particularly for locally recruited field staff.

77. His delegation had noted with satisfaction the introduction of new rental subsidy arrangements which, according to ICSC, could result in some savings through an offsetting reduction in the post adjustment index and requested ICSC to study the results of that scheme closely with a view to ensuring its fairness and effectiveness.

78. With regard to the education grant, his delegation commended the suggestion of CCISUA that the reimbursement for disabled children should be established at 100 per cent of the $6,000 figure. ICSC should nevertheless indicate what the financial implications of such a step would be.

/...

(Mr. Pedersen, Canada)

79. Concerning the Commission's proposal to drop the language incentive, his delegation considered that, as communication was inherent to the United Nations, staff members should be encouraged to learn and use more than one working language. While part of the solution might lie in higher linguistic standards being met at the time of recruitment, those standards would have a negative impact on recruitment from many Member States and might keep out otherwise highly qualified candidates. As, however, the current scheme was restrictive and discriminatory as between different groups and organizations, it would be useful if the Secretariat could comment on the benefits and drawbacks of the language incentive programme and touch on such matters as its relation to promotion. In any case it would be preferable to postpone any decision to abandon the current system until ICSC had reviewed the matter in consultation with other organizations and staff.

80. Mr. Kuyama (Japan) resumed the Chair.

81. Mr. KUTTNER (United States of America) said that, according to the cost-of-living surveys conducted in late 1982 and early 1983 in a number of headquarters cities of the United Nations system (A/38/30, para. 37), existing post adjustment levels, with the exception of those for New York and Washington, were too high; he considered therefore that it would not be sufficient to freeze post adjustment levels in Paris, Rome and Vienna until rising costs had driven the lower indices above the freezing point. Since 1981 the indices in those cities had been static or had fallen and, if that trend continued, overpayment of post adjustment would never be eliminated but could in fact increase. Prompt action to correct those levels was therefore necessary. In that connection he hoped that, as planned, ICSC would hold a special session to take temporary action to correct the discrepancy.

82. His delegation agreed with ICSC's recommendation that the language incentive should cease (A/38/30, para. 54) and pointed out that ICSC considered that more emphasis should be placed on recruitment to meet the substantive needs of the job, followed by training to meet any special language needs.

83. His delegation had considered the recommendation of the Commission that the maximum education grant be increased from $3,000 to $4,500, with a flat reimbursement rate of 75 per cent (A/38/30, para. 83). He reminded the Committee that the purpose of the education grant was to facilitate the child's reassimilation in the staff member's recognized home country. Yet the staff representatives considered the grant a "social benefit" that all staff members should receive (A/C.5/38/29, para. 23). His delegation, however, believed that it should be given on a more restricted basis, particularly at the university level. The Commission should perhaps look into the possibility of restoring the former practice of giving the education grant only to expatriate staff members who sent their children to their home country for their education. However, his delegation was aware that the issue had been very fully discussed in the Commission, and was prepared to accept the financial implications of about $1.7 million, which did not seem unreasonable.

(Mr. Kuttner, United States)

84. The rising cost of health insurance was a matter of great concern to the staff. The United Nations currently bore half the cost of staff health insurance and the Secretary-General was proposing that its share should be increased. The United States Government fully appreciated the problem, because health insurance costs for Government employees were also increasing. It had found another solution, however, which might well be adopted by the United Nations. United States Government employees were given the opportunity to participate in a wide variety of health plans. Many of them were fully comprehensive, but some provided only basic and disaster cover. The United Nations could effect some savings by offering low-option plans among the various plans currently offered to staff members, and he suggested that the question should be referred back to the Commission for further examination.

85. The Commission had decided not to make a recommendation on the mandatory age of separation and instead recommended that future pensioners be given fuller information and that pre-retirement training programmes should be provided (A/38/30, para. 169). His Government fully supported pre-retirement counselling but strongly believed in the importance of increasing the age of mandatory separation to 62. Its reasons went far beyond the need to remedy the actuarial imbalance in the Pension Fund. For example, the United Nations engaged highly qualified and experienced staff, many of whom joined the Organization at a later age than was usual and were forced to retire at the peak of their performance. As a result, the Organization lost employees who could have continued to provide valuable service. For those who wanted to continue working, retirement at 60 was psychologically devastating and caused demoralization and ineffectiveness. Some would argue that raising the age of separation would perpetuate the under-representation of the developing countries, particularly in senior posts, but that argument had no validity because all available data indicated that developing countries as a group were well represented in the United Nations and more than adequately represented in policy-making positions.

86. Mr. KHIZNYAK (Ukrainian Soviet Socialist Republic) said that his delegation, having carefully studied the report of the Commission (A/38/30), appreciated the complexity of its functions and the fact that it had to take decisions on numerous issues requiring urgent solution. However, the Commission made recommendations involving vast sums of money, largely for staff salaries.

87. The average salary of a Professional staff member cost the Organization between $60,000 and $65,000 a year, which was equal to the minimum contribution for Member States, namely 0.01 per cent of the budget, the level for 75 Member States. The total remuneration of all Professional staff was greater than the gross national income of 20 different Member States. Those figures showed the immensity of the Commission's responsibilities and the questions of principle involved. In the past two or three years the Commission seemed frequently to have ignored those principles and to have followed the personnel line on important matters, failing to be objective. The Commission had systematically and repeatedly lent an ear to fresh demands, all of them to do with direct or indirect increases in the various components of staff remuneration.

(Mr. Khiznyak, Ukrainian SSR)

88. The Committee now had before it the Commission's recommendations on the education grant, health insurance and conditions of service in the field, which involved additional expenditure of the order of $4,550,000. All that was being put forward at a time when Professional staff remuneration was far higher than that of the highest-paid national civil service in the world.

89. His delegation considered that the existing salary scales, post adjustments and other benefits and privileges were more than sufficient to recruit the most highly qualified staff and to provide excellent conditions of employment for productive and efficient work, and consequently that the Commission's proposals were not justified.

90. He noted that the administrations of some of the organizations in the United Nations system had given in to staff pressure and had recently adopted decisions contrary to the Commission's recommendations and to the standards of sound administration, and was concerned that such organizations as ILO, WHO and UPU had considered the possibility of additional payments for long service. As stated by the Commission (A/38/30, para. 187), the proposed action by ILO was inconsistent with the goals set by the Commission in the execution of the mandate contained in its statute. Such action contravened international civil service rules.

91. In paragraph 37 of its report (A/38/30), the Commission noted that the current post adjustment classifications at various duty stations were higher than those which the new cost-of-living survey would justify. His delegation endorsed the proposal already put forward in the Committee that it should be provided with detailed information on the reasons for those increases and on the costs entailed. The Commission should give that matter urgent attention and meanwhile should take practical steps for the immediate freezing of automatic salary increases for staff based on cost-of-living indices.

92. The Commission should also conclude its comparison of total staff compensation with that applicable to the United States federal civil service employees. In view of all the foregoing, he reiterated his delegation's request at the preceding session for a procedure to be devised whereby Member States, together with the Administration and staff representatives, could take part in all stages in the preparation of recommendations having financial implications.

The meeting rose at 6.05 p.m.