

UNITED NATIONS
General Assembly
FORTY-FOURTH SESSION
Official Records

FIFTH COMMITTEE
35th meeting
held on
Friday, 10 November 1989
at 3 p.m.
New York

SUMMARY RECORD OF THE 35th MEETING

Chairman: Mr. AL-MASRI (Syrian Arab Republic)

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

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Distr. GENERAL
A/C.5/44/SR.35
22 November 1989
ENGLISH
ORIGINAL: SPANISH

The meeting was called to order at 3.10 p.m.

AGENDA ITEM 131: UNITED NATIONS COMMON SYSTEM (continued) (A/44/30; A/C.5/44/14, A/C.5/44/16, A/C.5/44/18 and A/C.5/44/20)

AGENDA ITEM 132: UNITED NATIONS PENSION SYSTEM (continued) (A/44/9 and A/44/682; A/C.5/44/6 and A/C.5/44/18)

1. Mr. VAHER (Canada) said that in recent years there had been a growing sense of dissatisfaction with the current salary system and the overall state of conditions of service. As the Secretary-General had indicated in his statement, the problem had reached crisis proportions and deterioration in the conditions of service had already caused considerable damage to the humanitarian and development programmes. There was a need for timely action in order to address the legitimate concerns of administration and staff, to preserve the integrity of the common system and to ensure the continued capacity of the United Nations to deliver in full its mandated programmes.

2. The comprehensive review represented a commendable effort by all parties in carrying out a complex and difficult task. In particular, he wished to acknowledge the efforts of the two working groups composed of members of the International Civil Service Commission (ICSC) and representatives of the organizations and the staff associations. Their reports provided a sound basis for the ICSC report and consequently for the deliberations of the Fifth Committee.

3. Nevertheless, owing to a lack of time, ICSC had not been able to complete its work and had had to postpone some matters until 1990. He regretted that it had not been possible to develop an overall comprehensive structure to serve as a framework for the specific proposals and he shared to a certain extent the view of the Federation of International Civil Servants' Associations (FICSA) that the review lacked scope and that there could have been more in-depth analysis and testing of various proposals and options. However, that would have required additional time, and completion of the work in time for review at the forty-fourth General Assembly had been a sine qua non. In any case, the report provided the basis for a package of measures which were both technically justifiable and financially reasonable.

4. His delegation looked forward to further studies and review on such issues as the Noblemaire principle and the appropriate comparator in that regard, the internal features of the comparator service including merit bonuses and other measures for increasing competitiveness, the best means of handling housing costs in the remuneration package and other basic issues which remained unresolved.

5. There was strong evidence that the United Nations common system had deteriorated with respect to the level of remuneration provided to staff. The problem was most severe in the field duty stations, but it existed also in varying degrees at headquarters locations. He shared the view of some ICSC members that not enough substantive data had been made available and that further study and analysis of the data would establish with more precision exactly where the problems

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(Mr. Vaher, Canada)

were. In view of the size and complexity of the United Nations system, any practical solution to the problem of decreasing competitiveness of the common system should be universal and relatively straightforward; Canada therefore supported in principle the proposal for a 5 per cent across-the-board increase in the level of remuneration. It would be useful to have case studies showing how the proposed 5 per cent increase would affect remuneration at various levels in various locations and how it would affect other aspects of the conditions of service, such as the schedule for pensionable remuneration. ICSC should continue to monitor the situation with respect to the conditions of service and to strive to improve the data base and its analysis.

6. The Noblemaire principle should continue to serve as the basis for determining the conditions of service for United Nations staff and the United States federal civil service should continue to be used as the comparator. Nevertheless, its competitiveness as a domestic service should be kept under review.

7. General Assembly resolution 40/244 had established the range at 110 to 120, with a desirable mid-point of 115, for the margin between the remuneration of United Nations officials and that of officials in comparable positions in the United States federal civil service. That decision had been a milestone and, unless there were compelling reasons for doing otherwise, should continue to be applied. His delegation would therefore be reluctant to accept the ICSC proposal for flexible operation within the range and would prefer maintenance of the margin at or near the mid point.

8. With respect to the margin, his delegation would wish to see continued review of the suitability of the arrangements established in General Assembly resolution 40/244. At the time that resolution had been adopted, there had been only a very small difference between the salaries of the United States federal civil service and those recommended under the Pay Comparability Act. In contrast, the current gap was 28.6 per cent, which left the international civil service staff in the unenviable position of being held hostage to the national civil service policies of a single Member State. Clearly, that had never been the intention of the Noblemaire principle.

9. His delegation concurred with the other recommendations of ICSC in paragraph 173 of its report. In that regard, it was of the opinion that the margin period should be the calendar year, that average salaries at each level should provide the basis of comparison and that there should be an end to the four-month waiting period between the granting of successive classes of post adjustments, which had been introduced in 1988 on an interim basis.

10. His delegation was pleased with the Commission's efforts to simplify the post adjustment system and to eliminate the ad hoc adjustments that had been introduced in recent years to cope with the rapid and large-scale changes in economic conditions. Canada supported the Commission's decisions to use a single set of common expenditure weights at all duty stations and to simplify the post adjustment

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(Mr. Vaheer, Canada)

survey process. It also endorsed the revised treatment of out-of-area expenditures, the measures for introducing greater stability, and the elimination of regressivity and other special measures. There must be ongoing monitoring to ensure that the measures proposed were enough to avoid unacceptable variations in take-home pay arising from currency fluctuations. With that in mind, he supported the decision to use external data sources.

11. His delegation supported the recommendations contained in paragraph 333 of the ICSC report with respect to allowances for field service, mobility and hardships, improved installation allowances or assignment grants, and leave provisions. Those proposals would reduce the 11 separate factors to a more manageable 4. In addition, they would go a long way towards eliminating many of the difficulties currently faced by the organizations in that area and towards rationalizing the system.

12. The proposal for increasing the number of steps and other proposals related to the structure of the salary scale were consistent with the objective of improving staff motivation. While non-monetary awards had a role, they were unlikely to serve as major incentives in the absence of a more rational overall environment. There must be a clear link between rewards and merits and that would require an effective performance appraisal system. Improvements were also required in career development planning and staff training and in environmental motivators in areas such as security, health, education and briefing.

13. With respect to allowances, while it was generally supportive of the recommendations and decisions made by the Commission, his delegation considered that there was a need for further refinement and simplification of the overall system of allowances.

14. The ICSC recommendations should be adopted as a package since the various components were linked and represented internal trade-offs. Nevertheless, before taking a final decision, there was a need for more information as to how the proposed system would work in practice and for case studies indicating how it would have resolved previous problem areas where the current system had revealed shortcomings.

15. His delegation was gratified that the staff associations had participated in the working groups on the comprehensive review and had provided valuable input, and also that the Commission had carried out its work in open sessions in the presence of staff representatives. More discussion was needed regarding the working methods of the Fifth Committee in order to ensure that the legitimate rights of staff members, acting through their staff associations, were fully respected.

16. His delegation was concerned at the continuing actuarial imbalance of the Pension Fund, and concurred with the conclusion in the report of the United Nations Joint Staff Pension Board that additional measures were needed to rectify the situation. In that connection, he supported the package of measures recommended by the Board and approved by ACABQ. He also commended the management of the Joint

(Mr. Vaheer, Canada)

Staff Pension Fund and urged its administration to continue following the current strategy with a view to preserving principal and maintaining an adequate balance between risk and return.

17. Mr. KARBU CZKY (Hungary) said that his delegation noted with satisfaction the report of the Joint Staff Pension Board (A/44/9), which it regarded as a comprehensive study of all the possibilities for restoring the actuarial balance of the Pension Fund. It appreciated the efforts made by all parties in arriving at agreement on the package of measures detailed in paragraph 62 of the report and urged that they be adopted without any modification.

18. Turning to the investments of the Fund, the current investment strategy was the only reassuring one, especially when prevailing economic and market conditions were taken into consideration. As it had done in the past, the Government of the Republic of Hungary would continue to support the commitment of the Fund to global investment and diversification. Hungary, which was among the 44 countries that received investments, contributed to reducing the risks and improving the returns of the Fund.

19. Mr. GURYANOV (Ukrainian Soviet Socialist Republic) said that ICSC had done a commendable job, within the time allowed, on the basis of the guidelines established by General Assembly resolution 42/221 and confirmed by resolution 43/226. Although he agreed that it was necessary to ensure a high standard of efficiency and competence among the staff and to have regard for equitable geographical distribution, he believed that proposals relating to the conditions of service of international civil servants could not be formulated without taking into account the interests of the States members of the organizations of the United Nations system.

20. The financial implications of the recommendations made by ICSC totalled approximately \$90 million per year, which was more than the financial implications of all the recommendations made by the Commission since 1978. Even more serious were the financial implications of the recommendation to grant a 5 per cent across-the-board salary increase, which totalled \$61.2 million.

21. The methodology currently applied to calculate the remuneration margin had proved its efficiency and should be maintained. If the proposal to introduce a new methodology was approved, it would be necessary to consider the question of the appropriate limits of the margin.

22. Bearing in mind those considerations, his delegation could support neither the 5 per cent salary increase nor the proposed mobility and other allowances, which together came to an excessively high figure. In 1987 ICSC had carried out a very detailed study of the problems of mobility and hardship, but there was no appropriate analysis of them in the current report.

(Mr. Guryanov, Ukrainian SSR)

23. With regard to the report of the Joint Staff Pension Board, his delegation noted with satisfaction the measures aimed at reducing the actuarial imbalance. However, it considered that the Fund's deficit should be reduced through savings and not by increases in the rate of contributions. In view of the consensus that had been achieved, his delegation could support the raising of the retirement age to 62 years and the increase in contributions from 22.5 per cent to 23.7 per cent.

24. Mr. MUENCH (German Democratic Republic) said that his delegation noted with satisfaction the report of ICSC, in particular its comprehensive review of the conditions of service of staff in the Professional and higher categories, as well as the fact that representatives of FICSA and CCISUA had renewed their participation in its discussions. His delegation supported the guidelines for the work of ICSC in both open and executive sessions, set out in paragraph 22 of volume I of the report, because it was necessary to make a clear distinction between the consultative process and the exchange of views, on the one hand, and the taking of decisions by experts elected by member States, on the other.

25. It was extremely important to ensure uniform conditions of employment within the common system, in the interests of all staff members, of the executive heads of the various organizations and of the member States, which should proceed from that principle when taking decisions in other organizations.

26. The comprehensive review of the conditions of service of staff in the Professional and higher categories was of the utmost interest, not only to the staff of the United Nations and the other organizations of the common system and their executive heads, but also to the member States, since they were the ones who decided about and actually financed activities. It was important to find understandable and lasting solutions with an uncomplicated built-in mechanism for modifications to take account of changing external conditions. In any event, the correct functioning of the various mechanisms should be checked periodically.

27. His delegation believed that the Organization should be guided by the jointly agreed provisions of the budget outline when taking decisions on expenditures, but the financial framework in which the comprehensive review had been undertaken should also be taken into consideration. It also had to be understood that competition by other employers and changing external conditions greatly influenced employment conditions in the United Nations Secretariat, with consequent difficulties for the recruitment and retention of qualified personnel.

28. It would not be easy to make a decision on the proposals and some of them might turn out to be detrimental to the compromise on the limitation of the growth of expenditures that had been reached only after complex negotiations. In particular, an across the board increase in salaries would entail extreme additional burdens and would not solve the problem of filling vacancies which remained unfilled because of hardship conditions at some duty stations. The situation could only be improved through measures which took the particular conditions of the various duty stations into account. The ideas expressed in chapter VII pointed in that direction.

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(Mr. Muench, German Democratic Republic)

29. The suggestion that only staff members having a truly expatriate status should receive expatriate payments was in a way convincing, but it should not entail further adjustments in addition to the existing level of payments because that would amount to inadmissible duplication. His delegation fully agreed with the view that only one national civil service could be used as the comparator, because a basket of comparators would produce more problems than improvements.

30. Because housing costs had become an ever-increasing part of the overall structure of expenditures over the years, they could no longer be included in the post adjustment. Pertinent proposals for solutions, including appropriate transitional measures, should therefore be submitted to the General Assembly at its forty-fifth session.

31. His delegation had formed the impression that the preparation of the mobility and hardship matrix tended to encourage too frequent assignments, which might be appropriate when it was a matter of filling numerous vacancies. However, longer-term assignments could also be extraordinarily important for the organizations.

32. His delegation unreservedly supported the improvements to the salary scales for staff in the Professional and higher categories proposed by ICSC, since it believed that they met the demand to reward higher productivity and place less emphasis on longevity.

33. In conclusion, his delegation could not understand why, when it came to paying the end-of-service grant, staff with fixed-term contracts should be treated differently from those with permanent contracts, even though their assignment periods were the same. There was an urgent need to clarify the problem, which affected many staff members, especially in those organizations where more fixed-term contracts were awarded than at the United Nations.

The meeting rose at 3.55 p.m.