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SUMMARY RECORD OF THE 33rd MEETING

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

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

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The meeting was called to order at 3.15 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, A/44/682; A/C.5/44/6 and A/C.5/44/18)

1. Mr. BARABANOV (Union of Soviet Socialist Republics) said it was common knowledge that, for a number of reasons, the conditions of service of United Nations international staff had been losing their attractiveness for the nationals of some countries, and that the diminishing competitiveness of the United Nations system caused difficulties in recruiting and retaining personnel, particularly in the field. That was why his delegation had supported the suggestion that the International Civil Service Commission conduct a comprehensive review of the conditions of service of staff in the professional and higher categories, in the hope that that review would on the one hand provide a methodological basis for establishing a sufficiently competitive remuneration system and on the other make the system simpler and more transparent. The Commission had been given two years to accomplish that task, which was more than sufficient time. Nevertheless, the report before the Committee seemed to indicate that the ICSC had been unable to develop a new coherent remuneration system and had confined itself to presenting some desultory recommendations which were unable to solve the major problems of the existing system and were very expensive to boot.
2. The recommendation of a 5 per cent across-the-board increase in net remuneration, as formulated by the Commission, was unjustified both technically and from the standpoint of redressing discrepancies between remuneration levels at different duty stations within the United Nations system.
3. From the technical point of view, the General Assembly, by its resolution 42/221, had decided that the current methodology for margin calculations should remain unaltered until 1991; moreover, some of the ICSC-proposed innovations in the methodology for margin calculations had been submitted to and rejected by the General Assembly earlier on; lastly, when the General Assembly at its fortieth session had established the margin range of 110 and 120 with a desirable midpoint of 115, it had acted on the assumption that that margin had evolved historically and was calculated on the basis of the existing methodology, so that if the methodology were to be substantially revised the margin range would also have to be reviewed. In that connection, it was difficult to see why the Commission, while proposing a very substantial revision of the margin calculation methodology, not only failed to propose a new margin range, but failed even to mention the problem. Problems had also been caused by the ICSC-recommended revision of the functioning of the remuneration system within the margin range, which amounted to a rejection of the principle approved by the General Assembly in its resolution 40/244 that the margin should be maintained at a level around the midpoint of 115 "over a period of time".

(Mr. Barabanov, USSR)

4. As for the argument that the across-the-board 5 per cent increase was designed to restore the competitiveness of United Nations salaries, it was unimpressive because of the indiscriminate nature of the measure; the greatest raise in pay would be offered to employees at duty stations which were already well paid and in which the problem of competitiveness did not arise, while at the duty stations where problems did exist in the areas of recruitment and retention, the increases would be appreciably smaller and would not greatly improve the situation. Thus, the measure would not only fail to meet its objective but accentuate the existing discrepancies. For that reason, his delegation could not support the recommendation.
5. However, the ICSC's recommendation to establish a new minimum net remuneration which would eliminate negative post adjustment was sound and consonant with the action recommended by the General Assembly. His delegation interpreted the principle as meaning that floor net remuneration in the United Nations would be equal to the salaries received by United States civil servants in Washington, D.C.
6. The ICSC's recommendations and decisions relating to the operation of the post adjustment system helped simplify that system, although some clarifications were in order. In particular, his delegation had some doubts about the ICSC's decision to introduce a new out-of-area price progression factor for New York and Washington, D.C., because it entailed serious methodological consequences for margin calculations in net remuneration levels.
7. His delegation concurred with the ICSC's views on the system of mobility and hardship allowances. On that score, the Commission had adopted recommendations which would facilitate resolution of the problem of recruiting and retaining personnel. At the same time, his delegation had doubts about the amounts and terms of some of the entitlements proposed. In particular, it deemed it inadvisable to pay such allowances to staff members who worked in category "A" developed countries, or to include a 5 per cent assignment allowance as well as paying mobility allowances for transfers from field duty stations to headquarters.
8. With regard to the ICSC's recommendations on other allowances, his delegation considered that the Commission had failed to comply with the General Assembly's explicit instructions, in its resolution 43/226, to "review the rationale and magnitude of all elements of remuneration". The Commission had limited itself to examining some payments and had proposed a number of increases. In principle, the allowances issue should be sent back to the ICSC so that the Commission could conduct a detailed examination of all the entitlements and how they performed as a package. As regarded specific recommendations, his delegation had strong objections to the proposed increase in the dependency allowances. It ought to be emphasized that the methodology used in the United Nations to compute dependency allowances ran counter to the Noblemaire principle, as the calculations should be based on the comparator country's practices rather than on the data collected from seven headquarters. With regard to separation payments, his delegation agreed in principle with the Commission's recommendation, but opposed the specific proposal to revise the schedule of repatriation grants for single staff members.

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(Mr. Barabanov, USSR)

9. Lastly, he emphasized that the ICSC's recommendations contained numerous methodological and technical errors, with the result that the General Assembly would again have to examine questions that fell within the Commission's competence. His delegation was willing to join other Member States in doing so, in informal consultations.

10. Mr. OGURA (Japan) considered that the Member States and organizations of the United Nations should do everything they could to respect the decisions made by the ICSC under its statutory authority as well as the recommendations submitted to the General Assembly for approval, and it was in that constructive spirit that his delegation would offer some observations.

11. His delegation regretted that ICSC had been unable to complete its detailed review and especially its review of remuneration structures, which were the basis of the United Nations common system. According to ICSC's report, the review was the twelfth to have been made of the question since 1945. Too frequent change in the remuneration system was to be avoided, and to that end any new system should be examined carefully so that it would be lasting. In discussing the remuneration system, the Noblemaire principle should be strictly applied.

12. His delegation did not understand what had led ICSC to propose a 5 per cent. across-the-board increase in the salaries of the Professional and higher categories of staff. He wondered if it was because of the reason mentioned in paragraph 117 of its report (A/44/30, vol. II), relating to the margin, or because of a desire to resolve the staff recruitment and retention difficulties which ICSC described in paragraphs 78 to 83. Although it was indeed surprising that the United Nations Development Programme (UNDP) had 914 vacant posts, his delegation was not fully convinced by the argument of the Administrator of UNDP and the Administrative Committee Co-ordination (ACC) that difficulties in recruiting staff were so closely related to salary level. In his delegation's view, the excessive number of vacancies was due rather to the lack of a vigorous recruitment policy. As for staff retention difficulties, ICSC did not provide adequate statistical information in that regard. Those difficulties should be assessed on the basis of reliable statistics on those who requested separation from service.

13. If the ICSC recommendation that the margin should be allowed to fluctuate was considered realistically, there was no prospect of significantly narrowing the gap between salaries in the United States market and United States federal civil service salaries under the Pay Comparability Act (A/44/30, vol. II, para. 112). The recommendation was thus tantamount to raising the margin to the top of the accepted range, in other words to 120, which would result in an across-the-board salary increase. The ICSC report did not offer convincing reasons for such an increase. Consequently, the level of remuneration should continue to be decided in accordance with General Assembly resolution 40/244 until such time as the Assembly saw valid reasons to change the provisions of that resolution. As for the recommendation regarding a periodic review of the highest-paid civil service, such a review must be carried out as long as the Noblemaire principle was adhered to,

(Mr. Ogura, Japan)

but it raised the problem that every country's remuneration system was different, making it difficult to identify which was the highest paid. His delegation also wished to know why the five-year interval had been selected.

14. Although the Commission had been unable to recommend a specific remuneration structure, his delegation supported its proposal that a working group should be established to prepare a report on all outstanding issues related to the matter for consideration by ICSC at its March 1990 session. The working group must carefully consider how much of the cost of living was accounted for by housing costs and, in that context, take into account the fact that housing costs varied with circumstances and that types of housing differed from place to place.

15. The Commission's decisions and recommendations to simplify the post adjustment system and make it more transparent were appropriate. It would, however, be useful to have an assessment of the likely impact of those decisions and recommendations on the accuracy and rationality of the post adjustment system in the light of the concept of purchasing power parity.

16. There should be some form of compensation for mobility and hardship, even in places where the cost of living was low. As the cost of living tended to decrease with length of stay in a given place, staff members who moved frequently should receive greater compensation. However, since the Commission's proposal involved a substantial increase in the level of compensation compared with that provided under the current system, it would be desirable to implement it on a trial basis, pending an evaluation of the results. A review of the classification of hardship duty stations might be necessary. His delegation wondered whether the elements of field service and hardship were taken into account in the post adjustment system, which was currently based on purchasing power parity.

17. The recommendation to increase the age of retirement from 60 to 62 years had positive and negative aspects: naturally, as people lived longer and longer, they tended to work longer. At the same time, deferring the retirement of older staff members deprived the younger generation of job opportunities. In order to avoid an increase in personnel costs, it might be necessary to change the remuneration or personnel system. The matter should therefore be examined carefully before any decision was taken to increase the mandatory retirement age.

18. Mr. BOUR (France), speaking on behalf of the twelve States members of the European Community, welcomed the fact that the actuarial imbalance had been reduced from 6.82 per cent of pensionable remuneration in 1980 to 3.71 per cent. None the less, the imbalance persisted and new measures should be adopted to correct it. With respect to a change in retirement age from 60 to 62 years, there was a discrepancy between the report of the Joint Staff Pension Board, which spoke in terms of normal retirement, and the report of ICSC, which spoke of mandatory retirement. The Twelve would appreciate an explanation of the difference and wished to know in particular, the effect it might have on the actuarial imbalance. The measures adopted were the product of a long negotiating process and had been approved by the Advisory Committee on Administrative and Budgetary

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(Mr. Bour, France)

Questions (ACABQ). The Twelve, which were in favour of budgetary discipline, were prepared to give them serious consideration. It did not seem to be in the interests of either the staff or Member States to go beyond the proposal to increase the rate of contributions to the Pension Fund to 23.7 per cent.

19. The Twelve welcomed the fact that the Board had recommended amending the Fund's regulations so that a participant's disabled children could begin receiving a benefit at the same time that the participant began receiving an early retirement benefit, rather than not becoming eligible for it until the participant had died or reached the age of 60.

20. With respect to the investments of the Fund, the interests of the participants must be the primary concern. The Twelve welcomed the fact that investments were being managed according to the criteria of safety, profitability, liquidity and convertibility set by the General Assembly. The Twelve also welcomed the Fund's efforts to improve investment yield by reducing interest charges and commended the Investments Committee on its caution.

21. Referring to the Fund's administrative expenses, he said that the new electronic data and optical-disc storage systems should be compatible with the systems already in use at the United Nations and that bids should be submitted for their installation, in accordance with existing procedures. The Fund's proposals also referred to the establishment and conversion of posts, which were generally linked to the automation of services. The Twelve shared the view expressed by ACABQ on the question of office space for the Fund's secretariat. They believed that a detailed study should be made of the Secretariat's long-term needs and that various options which took full account of the objective of reducing management costs to a minimum should be presented. With regard to the Emergency Fund, the Twelve did not object to the establishment of a \$200,000 maximum for the biennium.

22. The Twelve were aware of the importance of the comprehensive review of pensionable remuneration to be submitted to the General Assembly at its forty-fifth session. They took note of the observations in that connection contained in the Board's report and supported its proposals for ensuring full co-operation with ICSC.

23. Mrs. SUN Minqin (China) said that the reform process in the United Nations had affected the remuneration and benefits of the staff and had unavoidably caused uncertainties in their morale. The United Nations staff had nevertheless demonstrated loyalty and dedication, which merited much appreciation. At a time when the United Nations was playing an increasingly important role in maintaining international peace, it was even more in need of a vital and efficient Secretariat. Her delegation shared the view of the Secretary-General that conditions of service were a key element in establishing a high level of efficiency.

24. She noted with appreciation the work done by ICSC on the comprehensive review of the conditions of service of the staff in the Professional and higher categories. The Commission's recommendations would help to establish a sounder and more rational basis for the future remuneration system of the United Nations.

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(Mrs. Sun Mingin, China)

25. Her delegation noted that the recommendation of ICSC for a 5 per cent general increase in remuneration, was based on two grounds. First, since 1975 the base salaries of the Professional and higher categories had not been adjusted. The purchasing power of the remuneration of United Nations staff at Headquarters had declined by 7.5 per cent, while at certain other duty stations the loss was even greater. Second, at its fortieth session, in 1985, the General Assembly had decided to set the margin range at 110 to 120, with 115 as the desirable mid-point. At that time the gap between the common system and the comparator had been 14 per cent. However, since then the gap had averaged over 21 per cent. The gap between the common system and other organizations such as the World Bank and the European Economic Community was even greater. If it remained unadjusted, the margin might fall below 110 after 1990. As the system of remuneration of the United Nations was losing its competitiveness, the organizations in the common system were confronted with difficulties in recruiting staff, particularly at hardship duty stations. Resignations, requests for transfer, early separations and unfilled vacancies had become more frequent. Such situations had an adverse effect on the implementation of United Nations programme activities. Her delegation understood the reasons for the ICSC recommendation and would give it positive consideration. There were serious differences of opinion on the question and the only way to resolve them was through full consultation.

26. Her delegation was happy to learn that the Joint Staff Pension Board, on the instructions of the General Assembly, had taken a series of measures to reduce the actuarial imbalance. An imbalance of 3.71 per cent of pensionable remuneration persisted, however, and the interest on prior imbalances remained one of its major causes. According to the estimates of the Committee of Actuaries, in the next two years the accumulated interest would continue to increase. In order to restore the long-term actuarial balance of the Pension Fund, the Board had recommended a package of measures which represented the joint efforts of all concerned. While the package could not satisfy all parties, there was no doubt that its implementation would play a positive role in restoring the actuarial balance of the Pension Fund.

27. Mr. MENDEZ (Philippines) said he was happy to learn that, in contrast to what had happened in 1988, the Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System (CCISUA) had decided to participate in all aspects of the work undertaken by ICSC while the Federation of International Civil Servants' Associations (FICSA) had taken part in some of its activities. That was undoubtedly due to the considerable efforts made by ICSC to improve the consultation process and to the positive attitude which the staff representatives had maintained towards the whole process. It was to be hoped that the spirit of co-operation shown by all parties would be further enhanced in the future.

28. ICSC had recommended a revised interim adjustment in United Nations pensionable remuneration in order to solve the problem of the widening gap between the pensionable remuneration of the United States Federal Civil Service and the United Nations. In view of the financial difficulties facing the United Nations, he welcomed the significant savings which would result from that measure and hoped

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(Mr. Mendez, Philippines)

that, in the course of further studies of the matter ICSC and the Pension Board would be able to develop a mechanism which would correct such situations if they should arise again, and thus eliminate the need for interim measures in the future.

29. The proposal to increase to 62 the mandatory age of separation for new staff members was very valid, as it would enable the United Nations to use to the maximum the experience and knowledge that staff members had obtained through the years without additional investment on training.

30. The practice of some Member States of making supplementary payments, in clear contravention of the Charter of the United Nations and United Nations rules and regulations, had a demoralizing effect on the staff. It was to be hoped that the Member States concerned would heed the unanimous appeal to stop making such payments. If Member States did not solve such problems, the organizations would have to solve them by deducting from the salary of the staff members concerned, and retaining, amounts equivalent to the supplementary payments they received.

31. With regard to the comprehensive review, it was evident that ICSC had achieved very satisfactory results considering the time constraints under which the work had been done. It was because of the lack of time that it had been necessary to leave pending the issue of the remuneration structure to be used in determining the basic elements of the remuneration package. It would really be more advantageous for the matter to be studied more carefully rather than for haphazard results to be arrived at in order to comply with the time allotted. It was to be hoped that the delay would be justified by the positive results expected by the next session.

32. Referring to the recommendation of the ICSC for a 5 per cent across-the-board salary increase, he said that, although there might be valid reasons to argue that the United Nations salary scale was not as high as it should be ideally, it had to be borne in mind that the United Nations remained in a precarious financial situation and to impose an additional financial burden at the present time would compound the problem. He therefore questioned the timeliness of such an increase and was of the view that problems in the retention and recruitment of staff were the exception and were not insurmountable.

33. With regard to the choice of a civil service to be used as the comparator, he doubted the soundness of continuing to use the United States Federal Civil Service as the sole comparator, since it was beset with its own share of problems and difficulties. Perhaps it was the appropriate moment to study more closely other alternatives to the Noblemaire principle, while excluding the private sector because of its distinct nature.

34. The post adjustment system had become so complex and unpredictable that it was now a major source of discontent. He welcomed the measures designed to simplify the system, to make it more transparent, to ensure equal treatment for all staff members, and to reduce to the minimum the effect of currency fluctuations on take-home pay.

(Mr. Mendez, Philippines)

35. With regard to the compensation of staff members for unfavourable working and living conditions in the field, ICSC had recommended a comprehensive package designed to eliminate many of the difficulties encountered and to bring field entitlements into a better comparable relationship with the comparator.
36. So far as motivation and productivity were concerned, he noted that measures had been recommended in order to ensure that staff members were not only well compensated but were provided with adequate monetary, as well as non-monetary, incentives, with a view to boosting their morale and making them more productive.
37. In conclusion, he expressed confidence in the ability of ICSC and in the understanding and spirit of co-operation demonstrated by the staff and hoped that a compromise could be reached whereby staff members could be fairly rewarded without unduly burdening the United Nations and its Member States.
38. Mr. OSELLA (Argentina) said that the important document (A/44/30) submitted by ICSC reflected the intense and comprehensive work done by that Commission, which had weighed the short-term and long-term implications of the various ideas proposed. The Fifth Committee had always been concerned about the status and conditions of service of the staff and, for that purpose, resolution 42/221 of 1987 had given precise instructions to ICSC to provide information for developing a sound and firmly established methodology for formulating remuneration policy. The Committee had before it a proposal which summed up the concerns and reconciled the interests of all parties, a proposal which had to be regarded as a set of measures for making an overall rather than individual analysis.
39. His delegation supported, first of all, the maintenance of the Noblemaire principle. Although the parameter used had not increased in the same proportion as market conditions, it was a good comparator. His delegation also supported paragraph 173, subparagraph (a), of document A/44/30 in which the Commission recommended that a periodic check of the highest paid national service should be made every five years. The margin range of 110 to 120 should be respected in order to maintain the level of competitiveness and requirements commensurate with the needs of the United Nations and supported the proposed 5-per-cent increase in base salaries.
40. With regard to the remuneration structure, his delegation endorsed the proposal to separate the housing factor from the base salary, because in many cases that factor distorted the post adjustment indexes. To evaluate the practical implications of the change in remuneration structures, it would be necessary to construct a salary simulation model for the purpose of comparing it with current factors.
41. Post adjustment, although an appropriate way of equalizing salaries in different regions, was in some cases distorted by sudden devaluations or rising inflation rates. That mechanism should be fair, equalize the purchasing power in different regions, be transparent, and be easy to apply. To that end, the

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(Mr. Osella, Argentina)

regressive elements in the system must be eliminated, thereby averting to a large extent differences in salaries paid in local currency due to exchange-rate fluctuations.

42. Unlike other civil servants, international staff could be transferred from their duty station and the Organization should promote such mobility in order to have the best staff member in the relevant post; to that end, factors impeding that mobility must be eliminated. His delegation supported all measures aimed at encouraging and motivating the staff and at recognizing the work and efforts made for the Organization.

43. His delegation viewed the continuing precarious situation of the United Nations Joint Staff Pension Fund with concern and welcomed the proposal to raise the retirement age to 62 years as a means of improving the financial situation. Nevertheless, it shared the concern which had prompted requests for information on the effect which that decision would have on staff policy.

44. The replies of ICSC, which deserved the Committee's full support, constituted a set of balanced and reasonable measures for making available a qualified staff capable of meeting the complex demands of the Organization.

45. Mr. ABDEL-AZIZ (Chairman of the Co-ordinating Committee for Independent Staff Unions and Associations of the United Nations System) said that his Committee's statement would be confined to the three priority issues in the ICSC report: (a) relations between ICSC and staff bodies; (b) comprehensive review of the conditions of service of the Professional and higher categories; and (c) pensions.

46. With regard to relations with ICSC, he said that, in response to the appeal made in General Assembly resolution A/43/226, his Committee had decided to participate on a trial basis in the work of ICSC relating to the comprehensive review. For that review, ICSC had established a tripartite working group composed of members of ICSC, and CCAQ and members appointed by the two federations of international staff. Those meetings had made it possible to restore some confidence in the possibility of modernizing the machinery of the common system and making it more transparent, simple and better adapted to the real needs and modern management methods.

47. His Committee (CCISUA) hoped that the Fifth Committee would recognize the advantages of effective participation of the staff in the processes for determining their conditions of service and that, in the relevant resolution of 1989, the Fifth Committee would call on ICSC to respect and fully apply part I, paragraphs 2 and 3, and part II, paragraphs 1 and 2, of General Assembly resolution A/43/226. CCISUA was prepared at all times to co-operate in good faith in any tripartite machinery and hoped for the same attitude on the part of the other participants.

48. Attention should be drawn, as in the previous year, to the division of work between the various bodies dealing with questions concerning the common system, in particular management of the post adjustment system, which was the responsibility

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(Mr. Abdel-Aziz)

of ICSC, and other technical questions such as the method of calculating the margin. Furthermore, it was regrettable that ICSC had cancelled a purely technical recommendation of its most qualified body, ACPAQ, on the results of the cost-of-living surveys at Vienna and Geneva - further evidence that ICSC did not act like a functional and objective body.

49. With regard to the comprehensive review of the conditions of service of the Professional and higher categories, CCISUA welcomed the work done by the tripartite working group composed of five members of ICSC, five members of CCAQ and two staff bodies. However, that highly technical work resulting from lengthy negotiations had been fragmented and diluted by incomprehensible points made by ICSC. The recommendations of ICSC to the Fifth Committee did not reflect the results of the working group's efforts.

50. For its part, CCISUA would be unable to explain to its members the reason why its recommendations, those of the group and even the diluted recommendations of ICSC might be delayed or rejected even partly by the General Assembly. It should be recalled that the comparator had a current 28.6 per cent gap under the United States Pay Comparability Act. There was no reason why the international service should be affected by a situation that was alien to it and caused by internal issues, or by the fact that the study of the highest paid civil service had not been carried out in good time and that account had not been taken of the various benefits included in the comparator used.

51. The basic salaries of the international civil service had been frozen for 15 years. It would be even more unfair to perpetuate that situation at a time when the staff had to devote themselves increasingly to the cause of peace-keeping, human rights and development. There was also the risk of not injecting the new blood necessary for the Organization, an objective common to Member States, administrations, staff and unions. For that reason, CCISUA considered that the ICSC recommendations should be adopted in their current form, because they represented an essential minimum and should be accompanied as early as possible by supplementary measures according to a pre-established timetable. CCISUA thought that the purchasing power in all duty stations must be restored, but it conceded that that must be done gradually, beginning with the approval of the current recommendations of ICSC and their immediate implementation.

52. While the improvements recommended by ICSC had financial implications, account should also be taken of the cost of maintaining the status quo. The executive heads of the various organizations had demonstrated clearly that, as a consequence of the difficulties relating to the staff, the execution of programmes was delayed, or sometimes they could not be implemented. CCISUA was confident that, taking all these considerations into account, the Fifth Committee would approve the recommendations of ICSC.

53. He noted that a number of speakers had said that the Assembly had anticipated revising the method of calculating the margin in 1991 only, for which reason ICSC should not have taken the matter up in 1989. In his opinion, ICSC had been right

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(Mr. Abdel-Aziz)

to decide that, in comprehensive review, so fundamental an element could not be set aside. It had also been said that altering the method of calculation needed to be accompanied by a change in the margin range. However, the changes proposed by ICSC reflected the changes that had been made in the remuneration structure since the period for which the 110-120 range had been set. CCISUA was also surprised that an effort was being made to make the procedure of calculating the margin on the basis of an average of several years - a completely illogical temporary measure adopted in 1988 - a permanent principle.

54. So far as the pension system was concerned, CCISUA firmly believed that bringing remuneration up to date should not be at the expense of pensions. However, some attitudes gave CCISUA the impression that there was such a danger. Since 1983, at least 14 measures had been adopted involving successive reductions in pensions and pensionable remuneration. The ingenious and continuing attempts to impair pension rights still further must be brought to an end. Member States must assume the social and human responsibility incumbent upon them on behalf of the international organizations and their staffs. CCISUA hoped that the Fifth Committee and the plenary Assembly would show solidarity with the staff and devote the necessary attention to pension-related matters.

55. Mr. AGGARWAL (President of the Federation of International Civil Servants Associations) drew the Committee's attention to document A/C.5/44/16, containing FICSA's comments on various aspects of the conditions of service of international civil servants, and noted that, at a time when the prestige of the United Nations had been enhanced and the importance of its role in keeping the peace and improving the human condition all over the world was increasingly recognized, it seemed paradoxical that the conditions of service governing the quality of life of its own staff had been steadily deteriorating for the past decade and had reached a level that could be described as precarious. That deterioration was equally evident in the increasingly frequent violations of the security and independence of international civil servants. FICSA was extremely concerned about the situation and appealed to Member States to respect and ensure respect for the rights of staff members and their families.

56. Turning to the comprehensive review of the conditions of service of the Professional and higher categories, he said that FICSA had welcomed General Assembly resolution 42/221 since no such review had been carried out since ICSC's establishment in 1975. Nevertheless, in May 1988, FICSA members had decided to suspend participation in all the Commission's activities because of the ever-increasing political considerations, rather than technical merits, used by it in arriving at its recommendations and conclusions, as well as disillusionment with its modus operandi. In 1988, and in response to the concerns expressed by FICSA, the General Assembly in resolution 43/226 had invited ICSC to make arrangements for the fullest participation of organizations and staff representatives in all aspects and at all stages of the comprehensive review. The Commission had been reluctant, but had made some limited changes in its procedures for the conduct of the comprehensive review. Some FICSA member associations and unions had questioned the adequacy of those changes, as well as the ability and willingness of ICSC to fulfil

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(Mr. Aggarwal)

its role as an independent technical body. Nevertheless, FICSA had agreed to participate in the comprehensive review, while stipulating that its participation would be for the review only and on a trial basis.

57. The lack of action on the part of ICSC during 1987-1988 had meant a loss of almost one year, and in 1988, to the surprise of the staff, the General Assembly in its resolution 43/226 had introduced certain parameters for the review which had clearly reduced its scope. Owing to time constraints, many important issues had been left unaddressed. FICSA considered it essential that the following issues should be examined at the earliest opportunity: a thorough review of the Noblemaire principle in the context of the current geopolitical situation; a survey to determine the best comparator; and development of the "total compensation methodology".

58. FICSA was not satisfied either with the scope of the review or with many of ICSC's recommendations. The "across-the-board increase of 5 per cent" was merely a corrective action emanating from the normal application of the margin methodology, approved by the General Assembly, calling for a freeze of remuneration when the margin crossed 120 and for an increase in salaries when the margin fell below 110. According to paragraph 109 in volume II of the ICSC report (A/44/30), on 1 January 1990 the margin would drop to a level of 108.3 which would automatically trigger an increase in the salaries of staff in the Professional and higher categories to bring them back within the approved range of 110-120. Since ICSC had so faithfully implemented the part of the resolution which had resulted in freezing remuneration for almost 4 years, it was time to implement the other part of that resolution which provided for an increase in basic salaries when the margin fell below the lower limit of 110.

59. FICSA did not consider the proposed increase realistic, because it failed to recognize the serious inadequacy of salaries which had not been given an increase in real terms for the past 15 years. Nor did it recognize the loss of purchasing power at all duty stations or the recruitment and retention problems faced by the organizations. The proposed increase of 5 per cent was too meagre to address those problems since Professional salaries were currently at least 25 per cent below what could be considered a competitive level. On 5 July 1989, FICSA had addressed ACC on the need to increase salaries by up to 25 per cent and that position had been endorsed at the time by the executive heads who had suggested an increase of at least 5 per cent with a mechanism of continuing yearly increases until the competitive level of take-home pay was restored. FICSA therefore reiterated its call for an across-the-board increase of 10 per cent to be implemented immediately, followed by a mechanism of continuing yearly increases until Professional salaries had once again attained a competitive level.

60. Generally speaking, FICSA was in agreement with the various recommendations on the operation of the margin, but was concerned that the recommendations failed to take into account the fact that the current margin range was based on calculations and information dating back to a time when there was virtually no gap between Federal Civil Service salaries and those recommended under the Pay Comparability

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Act of 1970. Today, that gap stood at 28.6 per cent. As a solution, FICSA proposed that there should be two margins: one for the level of salary according to the Comparability Act and another for the expatriate factor. It also considered it essential that the bonus and performance awards provided by the comparator should be included in calculating the margin.

61. FICSA considered that the ICSC recommendations on allowances failed to address two key issues: the introduction of an end-of-service grant for staff who had been on fixed-term contracts for nine years or more and the extension of the education grant to provide limited coverage for dependent children of staff members who returned to their home country.

62. FICSA also proposed that: (a) instead of abolishing the 18-month home-leave cycle, duty stations currently having that cycle should be amalgamated into the list of those with a 12-month home-leave cycle; (b) a floor salary should be established by reference to the base of the United Nations system rather than by reference to Washington, D.C.; (c) measures should be adopted to eliminate completely fluctuations in take-home pay caused by variations in exchange rates.

63. Despite what he had said, FICSA believed that the package proposed by ICSC could be seen as a first step in improving the inadequate level of Professional salaries and allowances and urged the General Assembly to treat it as a minimum acceptable package, not subject to further reductions, to be implemented as from 1 January 1990.

64. On the subject of pensions, FICSA urged the Committee to accept the Joint Staff Pension Board's recommendations in paragraph 62 of its report (A/44/9), which would require only a very modest increase in contributions, and to treat them as a package designed to correct the actuarial imbalance of the Fund. On the other hand, FICSA was deeply concerned by the selective and intolerable ad hoc expedients being recommended for the correcting of a perceived imbalance in the pensionable remuneration of staff in the Professional and higher categories vis-à-vis that of staff in the comparator civil service. Those measures were not only ad hoc but, could be in certain circumstances inconsistent with the principle of income replacement ratio approved by the General Assembly. The recommendation by ICSC calling for a reduction of 2.8 percentage points from future adjustment (A/44/30, vol. I, para. 42) was not in conformity with the Board's recommendation as reflected in paragraph 95 of its report (A/44/9). FICSA vehemently opposed such a reduction in pensionable remuneration, which had legal and other implications and was motivated by political and personal considerations rather than technical justifications.

65. With regard to the pensionable remuneration and pension benefits of staff in the General Service category, abnormal interest was being shown in the so-called "overlap" problems in some duty stations where the local currency was strong vis-à-vis the dollar, while practically no attention was being paid to the pensionable remuneration of General Service staff in those duty stations where local currencies were weak, inflation was high and salaries were relatively low.

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Both of those issues were to be addressed in the comprehensive review of pensionable remuneration to be undertaken jointly by ICSC and the Joint Staff Pension Board. Obviously, such an exercise could not be carried out without the participation of staff representatives or until such time as the climate of confidence in staff/management relations had been restored and staff were again convinced that it would be conducted impartially and objectively. FICSA therefore urged that the comprehensive review of pensionable remuneration for all categories of staff should be postponed until a climate of confidence had been restored.

66. For several years, FICSA had been demanding that conditions of service should cease to be determined unilaterally and should be the subject of genuine and real negotiations. The 1989 strike in the International Telecommunication Union (ITU), the work stoppages by the staff of GATT and ILO in earlier years and the petition that staff members had been signing in recent weeks were exceptional courses of action indicative of the degree of unease among the staff. FICSA believed it to be high time not only to reverse the deteriorating trend in conditions of service, but also to introduce a mechanism for genuine and real negotiations between employers and staff conducted in accordance with well-established and equitable procedures.

67. With regard to General Assembly resolution 42/221 of 21 December 1987 requesting ICSC "to undertake a study of its functioning ..." and General Assembly resolution 43/226 of 21 December 1988 requesting it to "expand the review of its functioning ...", FICSA had serious reservations about the objectivity with which any organ, including ICSC, could review its own rules of procedure. FICSA did not share the opinion expressed to the Committee by the Chairman of ICSC that the working methods introduced by ICSC for the comprehensive review had greatly improved the consultation process. The manner in which recommendations made in tripartite working groups were changed or thrown out for reasons other than technical ones had convinced FICSA of the futility of the current consultation process and of the necessity of establishing a joint body for conducting negotiations. For those reasons, FICSA requested the Committee to establish a working group with the objective of determining terms of reference and working methods which would allow the establishment of a negotiating body in which staff could participate fully and effectively.

68. FICSA also hoped that, as in 1988, the Fifth Committee would allow staff representatives to participate in its working groups with the right to speak and submit documents.

69. FICSA realized that it was within the Committee's power to accept or reject the recommendations made to it. However, when technical recommendations were made by technical bodies, there was a strong expectation that they would be accepted. It might not be out of place to mention that, by overruling ICSC on earlier occasions and more frequently since 1984, the Fifth Committee had contributed to the more political orientation of ICSC. FICSA thought it high time to put an end to that tendency.

70. It was true that acceptance of the recommendations of ICSC and the Joint Staff Pension Board had cost implications; however, the additional funds expended would

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be more than offset by the enhanced productivity and services that would result from the boost to staff morale.

71. A number of statements made at the current meeting could not be overlooked. It had been said that ICSC had not been able to establish a coherent remuneration system. The inference was that, if such a system was to be established, it would have to be different from the existing one. However, it had also been said that, in accordance with earlier decisions, the methodology for calculating the margin should not be changed, even though it appeared logical that the comprehensive review should include such a fundamental matter. The remuneration structure of the United States civil service had also changed, and that development should be reflected in the structure of the methodology for calculating the margin. It was difficult to understand why, against all logic, a margin calculated as an average over several years had to be maintained. Staff working today did not want to have their situation determined by past events. If ICSC had fulfilled its mandate in any respect, it had been with regard to the question of the margin.

72. It had also been questioned whether the general 5 per cent increase in salaries would be timely. There had been no real increase in salaries in 15 years and ICSC had been recommending the increase since 1982. It should have been implemented some time ago and there was no reason whatsoever to wait any longer.

73. Mr. BARABANOV (Union of Soviet Socialist Republics) remarked that the Fifth Committee had for some years asked representatives of the "staff associations" to comment on certain reports, including the one submitted by ICSC. The Soviet Union believed that the General Assembly was not the right place for staff to negotiate and haggle with Member States. The latter could only negotiate with the Secretary-General, as the chief administrative officer. For that reason, the observations made by the representatives of CCISUA and FICSA were not acceptable to the Soviet Union and it would in future take the precedent that they had set into account when the question was raised whether staff representatives should or should not be allowed the right to be heard.

The meeting rose at 5.45 p.m.