

# GENERAL AGREEMENT ON

RESTRICTED

Spec(90)15

1 May 1990

## TARIFFS AND TRADE

---

### ADMINISTRATIVE AND FINANCIAL QUESTIONS

#### Decisions of the United Nations General Assembly Affecting Conditions of Service of GATT Staff

##### Budgetary Implications

##### Note by the Secretariat

#### Introduction

1. The Committee was informed in document Spec(89)45, of 20 September 1989, of recommendations before the forty-fourth session of the General Assembly of the United Nations put forward by the International Civil Service Commission (ICSC) and the United Nations Joint Staff Pension Board (UNJSPB). They concerned conditions of service of staff in the Professional and higher categories, and pensions. The General Assembly has acted on those recommendations (Resolutions 44/198 and 44/199). In keeping with usual practice, the present paper provides the Committee with information on the decisions taken.

#### ICSC - Comprehensive review

2. The General Assembly has endorsed most of the recommendations made in the context of the Commission's comprehensive review of conditions of service in the Professional and higher categories, which it carried out in 1988 and 1989. The decisions are summarized briefly in the following paragraphs. They are effective 1 July 1990.

##### (a) Net remuneration

3. Net remuneration in the United Nations system is defined as net salary plus post adjustment. The General Assembly has approved a new net salary scale and revised post adjustment values designed to yield a 5 per cent increase on average in net remuneration in New York. At other duty stations, staff will receive an increase equal in amount to that paid in New York. This means that the percentage increase will be greater or smaller than in New York depending on whether the duty station has a higher or lower post adjustment level than New York. In Geneva, where the post adjustment is higher than in New York, it is estimated that the increase should be on average around 4 per cent.

4. The new net salary scale, which reflects pay levels in the United States federal civil service in Washington, will serve as a floor salary scale: irrespective of cost-of-living no staff in the United Nations system will be paid less than this basic salary. This is an extremely important measure for many field duty stations with relatively low cost-of-living.

(b) Post adjustment

5. The major change under this item is the removal of regressivity from the post adjustment values which, along with changes in the way expenditures outside the duty station are measured, is intended to stabilize take-home pay in local currency. As a result, the remuneration correction factor (RCF) and the floor exchange rate protection measures, introduced on an ad hoc basis in 1987, will be discontinued.

6. The Commission has been instructed to carry out a cost-of-living survey in all headquarters duty stations, including Geneva, before the end of this year.

(c) Motivation and productivity

7. Several measures designed to improve motivation and enhance productivity have been approved: (i) in the context of the revision of the net salary scale, the value of step increments has been reduced, salaries have been made more attractive at the entry grades, and more steps, payable every two years, have been added to each grade (the Committee will recall that extra steps was one of the recommendations of the Informal Advisory Group (Feij Group)); (ii) overlap between grades has been reduced; (iii) better rewards on promotion; and (iv) non-monetary awards for merit and long-service.

(d) Mobility and hardship

8. The complete package of measures recommended by the Commission to improve compensation for service in duty stations in the field, particularly where conditions of life and work are difficult, has been approved. These have only a very indirect impact on conditions of service at duty stations like Geneva.

(e) Allowances

9. The General Assembly has agreed that:

- (i) the allowance for a disabled child should be double the amount of the children's allowance, i.e. Sw F 4074.-;
- (ii) the lump-sum amount payable in respect of unused annual leave upon cessation of service should be calculated on the basis of total net remuneration at the duty station from which the staff member separates (at present the calculation includes an amount reflecting an average of post adjustment levels; this is a disadvantage in Geneva where cost-of-living is higher than the average);

- (iii) all other payments due on separation will be calculated on the basis of the new floor net salary scale. This affects principally the repatriation grant. Transitional arrangements for those in service prior to 1 July will be needed as the new scale is lower than the scale currently used for separation payments.

10. With regard to remuneration structure, the General Assembly urged the Commission to complete its study of this question and to make recommendations in 1990. The Committee will recall that it was being envisaged to provide for three elements in the structure (rather than two): base salary, cost-of-living allowance, and a separate housing allowance. The question is to be further examined in 1990 by the Commission, but support for such a tripartite structure has dwindled because of uncertainty about its impact on other aspects of conditions of service, especially pensions. It appears likely that the present structure will be retained, but necessary changes made in the operation of various aspects of the post adjustment, especially those that relate to housing.

#### Pensions

11. The General Assembly has approved, with effect from 1 January 1990, the package of measures recommended by the United Nations Joint Staff Pension Board to restore the actuarial balance of the Fund, namely:

(a) for participants who enter or re-enter the United Nations Joint Staff Pension Fund on or after 1 January 1990, the normal retirement age (i.e. the age at which an unreduced pension is payable) will be sixty-two. (In order to be consistent, the General Assembly also agreed that the normal age of mandatory separation from service should be sixty-two for staff entering service on or after 1 January 1990);

(b) for participants who enter or re-enter the Fund on or after 1 January 1990, and who take early retirement before reaching age fifty-seven, the reduction factor applicable for ages fifty-five and fifty-six is six per cent each year;

(c) for participants who separate from service on or after 31 December 1989 and who elect a deferred retirement benefit, adjustments of the benefit, in accordance with the pension adjustment system, will begin only when the separated participant reaches age fifty-five;

(d) the rate of contribution is increased, with effect from 1 January 1990, from 22.5 to 23.7 per cent of pensionable remuneration, of which the employing member organization shall pay 15.8 per cent and the participant 7.9 per cent (this means a reduction in take-home pay).

12. The General Assembly has requested the International Civil Service Commission (ICSC) to undertake, in full co-operation with the Board, a further comprehensive review of the methodology for the determination of the pensionable remuneration of staff in the Professional and higher categories and the procedures for adjusting the scales in between comprehensive reviews, and to present its recommendations to the General Assembly at its forty-fifth session in 1990.

Budgetary implications

13. In document Spec(89)45, the Budget Committee was informed that initial estimates with regard to the recommendations of the ICSC and the UNJSPF amounted to Sw F 1,240,000. In the course of discussions on the 1990 budget, this amount was reduced to a provision of Sw F 600,000.

14. The budgetary implications of the decisions taken by the United Nations General Assembly amount to Sw F 940,000 as follows:

	<u>Sw F</u>
- New salary scale and changes in calculation of post adjustment for Professional and higher category staff	255,000
- Additional steps for Professional staff at the top of grade	20,000
- Increase in children's allowances, unused annual leave upon cessation of service, repatriation grant	125,000
- Increase in the rate of the Organization's contribution to the United Nations Joint Staff Pension Fund from 15% to 15.8% and effect of new scale of pensionable remuneration	<u>540,000</u>
	940,000 =====

15. It should be noted that this sum is Sw F 300,000 lower than the amount originally estimated in document Spec(89)45 on the basis of information available in September 1989.

16. The amount of Sw F 940,000 exceeds the provision of Sw F 600,000 by Sw F 340,000 included in the 1990 budget. Every effort will be made to cover this shortfall from savings on other budget items. Should this not be possible, it would be necessary to cover it by a withdrawal from the Working Capital Fund at the end of the year.