

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

Spec(91)2
25 January 1991

ADMINISTRATIVE AND FINANCIAL QUESTIONS

Activities of the common system bodies in 1990

Note by the Secretariat

1. The Committee is informed from time to time of the activities of the International Civil Service Commission (ICSC), of the United Nations Joint Staff Pension Board (UNJSPB), and of the decisions of the United Nations General Assembly on personnel matters. The present note brings the Committee up to date.

Pension Board¹

2. The principal issue of interest to the GATT that was on the work programme of the Pension Board in 1990 concerned the system for adjusting initial pensions. Pensions in the UN system are denominated in United States dollars. Measures put into effect in 1988 to protect the value of the dollar pension in certain "strong" currencies, e.g. the Swiss franc, were due to expire at the end of 1990. Those measures guaranteed that the initial pension would be converted to Swiss francs and other designated currencies at an exchange rate higher than the rate normally used for this purpose. If the measures were not extended beyond 31 December 1990, or replaced by other arrangements having a similar effect, the exchange rate applied to initial pensions would be considerably lower. This would have led many staff to take early retirement to avoid being penalized.

3. After some very difficult discussions, at three separate meetings of the Board, it was finally agreed to recommend to the General Assembly that a personal transitional arrangement be put into effect that would guarantee to any staff member eligible for a pension benefit who retired between 1 January 1991 and 31 March 1992, a pension in a "strong" local currency at least equal to the pension he would have received had he actually retired on 31 December 1990. In the meantime, the Board would seek to develop alternative arrangements to come into effect at least by the time the transitional period is over. The General Assembly has accepted this recommendation.

¹ Resolution 45/242 of the General Assembly, 45th session.

4. The Board and the ICSC concluded their comprehensive review of the pensionable remuneration and consequent pensions of staff in the Professional and higher categories, which they had been requested by the General Assembly to carry out in full cooperation. In essence both bodies have concluded, and the General Assembly has accepted, that the methodology for determining pensionable remuneration, i.e. the remuneration that serves as a basis for calculating contributions to the Pension Fund and benefits to retirees, should remain unchanged. So should the methodology for adjusting pensionable remuneration from time to time. Briefly, that methodology consists in tying pensionable remuneration to the level of net pay in the United Nations system in New York in such a way as to result in rates of income replacement for pensions* which are largely equivalent to those prevailing in the comparator civil service, the United States Federal Civil Service. As for interim adjustments, these would continue to be made whenever net remuneration in New York was increased, either because of an increase in post adjustment, or because of an increase in net salaries.

5. The Pension Board also initiated preparations for the comprehensive review of pensions of staff in the General Service category, on which the General Assembly is expecting a report at its 46th session in 1991. This too is to be carried out in full cooperation with ICSC.

6. At the request of the General Assembly, the Board will be examining, in 1991, and in cooperation with the ICSC, the question of the pensionable remuneration and pensions of ungraded officials who are participants in the Fund (e.g. executive head, deputy executive head, other elected officials). The Assembly is expecting a report on this in 1991.

International Civil Service Commission ²

7. The Commission brought to a close the comprehensive review of the conditions of service of staff in the Professional and higher categories. The Committee will recall that the General Assembly had approved in 1989 a number of recommendations arising from this review, and that these changes in conditions entered into effect on 1 July 1990 ³. The Commission and the Assembly have now dealt with the one outstanding issue, which related to the treatment of housing in the remuneration structure. They have concluded that housing should continue to be compensated for within the post adjustment, rather than as a separate element of remuneration.

* Ratio of gross pension to net salary.

² Resolution 45/241 of the General Assembly, 45th session.

³ See Spec(90)15 of 1 May 1990.

8. The Commission also recommended, and the General Assembly agreed, that 1) the net base salary scale for the Professional and higher categories of staff be increased by 5 per cent ⁴, 2) the education grant payable in certain currencies be increased; 3) the condition for housing subsidy in headquarters duty stations be improved; and 4) certain features of the comprehensive review of conditions of service of the Professional and higher categories should be applied to staff in the General Service category.

9. The financial impact of these various changes is estimated to be insignificant in the GATT.

10. The other main item of business of the Commission was a review of its own functioning, which has been entrusted to the Secretary-General of the United Nations and his counterparts in the Administrative Committee on Coordination (ACC), and on which the ICSC is to be consulted. The review continues this year.

11. The Commission has also approved the findings of a number of cost-of-living surveys that were conducted in 1990 at headquarters duty stations. At Geneva, the survey showed that the post adjustment index (it measures the cost-of-living in dollars in relation to New York) should be 0.2 per cent lower than it is as a result of its operation over time. The Commission is taking no action on this minimal difference.

12. Submitted for information.

⁴ This would be done by consolidating five points of post adjustment into the net base salary. In duty stations like Geneva, the effect on remuneration would, however, be neutral, as salary would go up while the post adjustment would go down (the "no gain, no loss" method).