

UNITED NATIONS



Review of the common system compensation package

The Commission commenced this Review earlier this year at its seventy-sixth session. Its scope is comprehensive, encompassing all elements of remuneration, as well as other HR elements under the ICSC mandate, but we have also flagged related areas not strictly under our mandate which may warrant useful scrutiny. As we are all aware, reviews by their very nature generate diverse expectations and even, at times, apprehension. That is why a review of this magnitude requires and depends on the full cooperation of stakeholders. For the Review to succeed the Commission must be able to count on their support. While we have been looking at the history and rationale for the various elements in the present compensation package, we have also found it useful to look beyond the present system and to consider alternative approaches where merited. Examining current trends and outside practices in expatriate compensation and assessing their applicability to the common system is therefore part of our study. Our biggest challenge is to ensure that the Review is carried out in a holistic and integrated manner so that competing priorities are reconciled and a revised system is coherent, sustainable and meets the concerns of Member States, organizations and the staff.

Mandatory age of separation

At its seventy-seventh session, the Commission considered raising the mandatory age of separation to age 65 for current United Nations common system staff members. The current mandatory age of separation is 60 for staff members who entered on duty before 1 January 1990, and 62 for those who entered after 1 January 1990. The Commission observed that the global trend has been to increase the age of retirement in recognition of people's better health and increased vitality and that many staff members continue to be productive and have the skills to work beyond the age of 62. A number of national governments have also amended their retirement schemes and introduced human resources management reforms that facilitate longer working lives. The Commission also believes that well-targeted human resources policies would address possible constraints in areas such as performance management, workforce rejuvenation and gender and geographical balance.

The United Nations Joint Staff Pension Fund Consulting Actuary has estimated that at a 70 percent utilization rate, a reduction in the actuarial deficit in the range of .13 percent of pensionable remuneration would result, positively impacting the Fund's long term sustainability. It should also be kept in mind that After-Service-Health-Insurance (ASHI) liabilities would be reduced by .85 percent.

The Commission is therefore recommending that for current United Nations common system staff the mandatory age of separation should be extended to age 65. In order to allow organizations time to implement the change, the effective date would be 1 January 2016, with the understanding that this decision would not affect the acquired rights of current staff.

Evolution of the United Nations/United States net remuneration margin

The Commission, under a standing mandate, monitors the margin between the net remuneration of United Nations staff in the Professional and higher categories in New York and that of their counterparts in the comparator civil service in Washington, D.C. For calendar year 2013, the margin stands at 119.6, the five-year average being 115.7 for the years 2009 to 2013.

The margin level has continued to increase in 2013, owing primarily to the statutory pay freeze in the comparator civil service, and it is expected to approach the upper limit of the established range even without further adjustment of pay levels in the two services in 2014. In addition, the variable factors used in the margin calculation may not be known by February 2014, which may ultimately affect the level of the margin for 2014. These variables include a possible continuing freeze in the comparator civil service beyond 31 December 2013 and the resulting levels of the United States actual salaries, the United Nations common system personnel statistics and the cost-of-living differential between New York and Washington, D.C., and other factors as well. Having considered scenarios of the evolution of the major variables and their cumulative effect on the margin, the Commission a.165 TD.00ul65 TD.tion may not be f--.6(y TJ-2

The Commission will keep the matter under review and in 2014 is expected to implement the margin management procedures. To maintain purchasing power parity of salaries with New York, the base of the post adjustment system, post adjustment indices for all other duty stations would be proportionately scaled back to the extent of the ratio of the actual pay index to the pay index that would have been granted in New York under the normal operation of the post adjustment system.

Base/floor salary scale

Due to the pay freeze in effect in the comparator civil service since January 2011, the

Surveys of best prevailing conditions of employment of General Service staff: Paris and Montreal

During 2013, the Commission completed two salary surveys in Paris and Montreal for the General Service category at headquarters and similar duty stations. The resulting salary scales, as recommended to the organizations in these two locations, are 2.19 lower and 1.22 per cent higher, respectively, than the existing salary scales. These scales, as well as the revised dependency allowances for Paris and Montreal, are shown in Annexes V and VI of the Commission's report.

Post adjustment matters

Lastly, you will note from our report that the Commission did not take action on some of the recommendations made by ACPAQ, namely, those pertaining for the most part to the round of place-to-place surveys at headquarters locations which would have been conducted in 2015. This was because the Commission considered that changes to the post adjustment system itself could be introduced following the comprehensive Review of the United Nations compensation package due to be submitted to the General Assembly by 2015. In the view of the Commission it would therefore be preferable to wait and launch the new round of surveys only after a new United Nations compensation package was in place.

Mr. Chairman, Distinguished Members of the Committee,

Let me conclude by saying that I look forward to working with you and receiving your comments on the work completed during the year.

I thank you Mr. Chairman and Members of the Committee for your attention. Please note that the Commission's recommendations, together with their financial implications, and upon which we wish the Committee to take action are summarized at the beginning of our report. My secretariat and I will be happy to answer your questions and provide any clarification you may need on the issues covered.

Once again, thank you for your attention.