

Eighty-fourth session
Vienna, 9-12 April 1996

INTERIM REPORT

CONSULTATIVE COMMITTEE ON ADMINISTRATIVE QUESTIONS EIGHTY-FOURTH SESSION

(a consultative session held in conjunction with the forty-third session of the ICSC)

INTRODUCTION

1. The Consultative Committee on Administrative Questions (Personnel and General Administrative Questions) held a consultative session at the United Nations Office in Vienna (Austria) during the period 9-12 April 1996 in conjunction with the forty-third session of the International Civil Service Commission (ICSC), which took place from 9 April to 3 May 1996. The session was unusual in two respects: its consecutive timing with the meeting of ICSC and the limitation of agenda items essentially to those requiring the development of a common system position for presentation in the Commission. This interim report reflects these special arrangements and is intended as a record for the participants in the session and not for transmission to ACC; the substantive items contained in section C would, however, be integrated into the report of the Committee's eighty-fifth session (July 1996) for submission to ACC in the usual way.

2. The session was attended by representatives of member organizations, the ICSC secretariat, the Federation of International Civil Servants' Associations (FICSA) and the Coordinating Committee for International Staff Unions and Associations (CCISUA). The list of participants is attached in annex I.

3. In conjunction with the session, a workshop/retreat was organized at Baden bei Wien (Austria) over the weekend of 12-14 April 1996 on the theme "the changing nature of common system human resources management". The outcome will be circulated separately to participants.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSONS

4. Mr. J.-P. Bare (ITU), who was re-elected as Chairperson, presided over the meeting. Ms. M. Ise (UN) and Mr. D. Goethel (IAEA) were elected as Vice-Chairpersons.

ADOPTION OF THE AGENDA

5. The agenda as adopted appears in annex II.

A. MATTERS RELATED TO ACC'S FIRST REGULAR SESSION OF 1996

6. The Committee approved a preliminary draft statement which would be completed after the discussions of the application of the Noblemaire principle had taken place in ICSC. It was intended that the statement would be submitted by ACC to the General Assembly's resumed fiftieth session; the preliminary text is contained in annex III.

B. MATTERS RELATED TO THE AGENDA OF ICSC

7. The Committee approved 12 statements for submission by CCAQ to the forty-third session of ICSC; these are contained in annex IV.

C. OTHER WORK OF THE COMMITTEE

REMOVAL AND SHIPPING ENTITLEMENTS

8. In conjunction with its consideration of the mobility and hardship allowance, the Committee reviewed, on the basis of document ACC/1996/PER/R.2, those aspects of current removal and non-removal arrangements which were intrinsically linked to the administration of the allowance. Specifically, the Committee was invited to consider: abolishing the removal entitlement, increasing the non-removal shipping entitlement, expressing entitlements in cubic metres (by land) and as chargeable weight (by air), establishing a common air freight advance shipping entitlement not deductible from other entitlements, time limiting the non-removal element in the mobility and hardship matrix, eliminating restrictions on the contents of shipments and providing a lump-sum percentage advance for shipping entitlements.

9. The Committee welcomed the proposals to introduce fresh cost-effective approaches which reflected modern shipping practices. It decided, however, that the removal entitlement should be retained in order to maintain organizations' flexibility to respond appropriately to their diverse needs. It further decided that this entitlement should be expressed in terms of modern shipping methods (e.g. containers) which reflected cubic metres (for shipments by land) and chargeable weight (for shipments by air). It supported the introduction of an advance air shipment which would not be deductible from the removal entitlement. It concluded that organizations should give consideration to providing staff members or recruits with a cash advance in order for them to make their own arrangements for this advance shipment. It also supported the updating of the list of items which could be transported at the organization's expense as part of the removal. On the basis of these conclusions, it would ask a small group of the organizations' shipping experts, working with its secretariat, to make appropriate proposals to its next session in respect of the container size, the cubic metre entitlements, the conversion rates for these and the updating of what could and could not reasonably be included in the shipment.

10. The Committee did not feel able to reach a conclusion in respect of the secretariat's proposals for the non-removal entitlement without the benefit of a more precise determination of what would be the actual entitlements for staff with and without dependants, both in container and in cubic metre terms. It therefore requested its secretariat also to pursue these with the small group of shipping experts and report back to the next session. It hoped that it would then be in a position to make proposals on the related question of time-limiting the non-removal element in the mobility and hardship matrix. In informing ICSC of this, it would also caution the Commission that any change to the non-removal shipping entitlements

could have an impact on the determination of the non-removal element in the mobility and hardship matrix.

11. The Committee also noted the need to review shipping entitlements related to home leave and family visit travel and asked its secretariat to look into these and to report thereon to a future session of the Committee.

COST SHARING ARRANGMENTS FOR FICSA

12. The Committee considered a proposal by FAO to share among those organizations represented by FICSA, the costs of release of the President and General Secretary of FICSA. In providing information on those organizations which had, since 1980, released a staff member to hold one or the other of these two offices, FAO also recalled that some organizations' positions on the issue had changed over the years depending on whether or not their staff members were on release. FAO proposed that organizations represented by FICSA share on a proportional basis, according to the staff represented, the replacement costs borne by the organization(s) on the release of staff to hold the two offices in question.

13. In the discussion that ensued, it was recalled that the Committee had considered the matter on several previous occasions, the earliest being in 1980, but had not been able to agree to a permanent cost-sharing arrangement. The Committee had, however, agreed in 1986 that cost-sharing arrangements could be considered, but on a strictly ad hoc case by case basis, taking into consideration the amount of costs involved and the ability of the organization(s) concerned, based on their size or other factors, to absorb these. CCAQ(FB) had also requested that it be consulted whenever such ad hoc arrangements were being considered. The Committee, noting that this position had been reconfirmed only two years ago, considered that the situation had not changed materially since then and decided to reaffirm its previous position on the matter.

THE LEVEL OF THE EDUCATION GRANT FOR BEIJING (CHINA)

14. At the request of FAO, the Committee reviewed the current level of the education grant in Beijing. As a result of a sudden and significant increase in tuition and related fees at the International School of Beijing (ISB), the only available international secondary level educational institution at the duty station, UN community families were facing serious financial difficulties. In this context, the Committee took note of a copy of a proposal by UNDP to the Chairman of ICSC for the institution of a temporary administrative measure to increase the education grant ceiling for Beijing to at least the dollar level applicable in the USA (i.e. US\$16,900) to enable staff to cover a portion of the increase in tuition fees for secondary levels - set by ISB at some US\$17,000.

15. Under the approved methodology for monitoring the adequacy of the levels of the education grant, an adjustment was triggered when the expenditures of five per cent of claims in the currency area fell above the current maximum admissible level. The current maximum admissible level applicable to Beijing was the US dollar outside the USA (i.e. US\$13,000) - far short of the new fee level of US\$17,000. Acknowledging that UN system staff would, as a consequence, be required to bear a disproportionate burden of the costs of education, which would not be in line with the approved methodology, the Committee considered it necessary to propose an exceptional measure. It therefore agreed that its Chairman would write to the Chairman of ICSC to inform him of the conclusions of the Committee and that as part of the biennial global review of the grant, CCAQ would propose the establishment of a special rate

in dollars with a maximum admissible level which would be appropriate for the new fee levels established by the ISB. It would also urge organizations to do their utmost to assist staff members in Beijing who were required to make payments - which were substantial - to the ISB in advance of the academic year.

16. As to the reimbursable one-time building fee which was also being levied by the school, the Committee reaffirmed the approach used by organizations on previous, similar occasions, namely to advance to the institution in question or, if this were not possible, to the staff members in question, the equivalent of the fee on an interest-free loan basis.

MATTERS RELATING TO THE SECRETARIAT

17. In a private meeting, the Committee unanimously commended the three person secretariat as a whole for the exceptionally high standard of its work.

18. The Committee underlined the very valuable experience gained by the Secretary and the Assistant Secretary over recent years in all matters related to human resources management; this was a key element for the organizations working with ICSC.

19. In view of this particular experience, the Committee decided that the appointments of Mr. R. Eggleston (WHO) as Secretary and Ms. M.-J. Peters (ILO) as Assistant Secretary be extended without precedent for a further period of three years as of 1 July 1996 and 1 May 1996, respectively.

Annex I

LIST OF PARTICIPANTS

Chairperson: Mr. J.-P. Baré (ITU)
Vice-Chairpersons: Ms. M. Ise (UN) & Mr. D. Goethel (IAEA)

Representatives of member organizations

United Nations: Ms. Momoyo Ise, Director,
Specialist Services Division,
OHRM

Ms. Rachel Mayanja, Chief,
Common System & Specialist Services
OHRM

Mr. Julio Camarena-Villasenor,
Common System & Compensation Specialist,
Common System & Specialist Services, OHRM

UNOV: Ms. Lois East, Chief, Personnel Service

Mr. Jay W. Wormus, Personnel Officer,
Personnel Service

UNDP: Mr. Bruce Frank, Chief,
Policy, Compensation and Administration,
Office of Human Resources

UNICEF: Mr. Michael Corbett, Deputy Director,
Division of Human Resources

UNFPA: Ms. Linda Sherry-Cloonan, Chief,
Personnel Branch, DFPA

UNRWA: Mr. Joseph Acar, Director,
Administration and Human Resources

UNHCR: Ms. Mary J. Murphy, Director,
Division of Human Resources Management

Mr. Duncan Barclay,
Senior Policy Coordination Officer,
Division of Human Resources Management

ITC: Mr. G. Papazafropoulos, Chief,
Personnel Section

ILO: Ms. S. Christine Cornwell, Director,
Personnel Department

Ms. Helen Schebesta, Chief,
Salaries and Pensions Section

FAO: Mr. A.T. Slater, Director,
Division of Personnel

WFP: Mr. Peter Lassig, Acting Director,
Human Resources and Administrative Services Division

UNESCO: Ms. Haruko Hirose, Director,
Bureau of Personnel

Ms. Ilana Krishnamurti, Chief,
Division for Personnel & Compensation Policy

ICAO: Mr. Dirk Jan Goossen, Chief,
Personnel Branch

UPU: Mr. Christian Langheld,
Chief of Personnel

WHO: Mr. Dario Sanvincenti, Director,
Division of Personnel

Ms. Renée Lopez, Chief,
Policies and Recruitment Service

ITU: Mr. Jean-Patrick Baré, Chief,
Personnel and Social Protection Department

WMO: Mr. Mubarak Husain, Director,
Resource Management Department

Mr. Eric Renlund, Chief,
Personnel Division

IMO: Mr. Roger G. Jones, Director,
Administrative Division

IFAD: Mr. Alan Prien, Director,
Personnel Division

IAEA: Mr. Dieter Goethel, Director,
Division of Personnel

Mr. Ernest Obed, Head,
Staff Administration Section

Mr. Jean-Claude Villemonteix, Head,
Personnel Management Section

Observers

ICSC: Mr. Prakash Ranadive, Executive Secretary

Mr. Fred Ordelt, Officer-in Charge,
Salaries and Allowances Division

Mr. Ton Vermeulen, Compensation Officer,
Salaries and Allowances Division

Ms. Enid Steward-Goffman, Chief,
Personnel Policies Division

Ms. Linda Saputelli, Personnel Policies Officer,
Personnel Policies Division

FICSA: Mr. Guy Sneyers, General Secretary

Mr. Peter Lillie, Chair, Staff Management Relations S.C.

Mr. Brad Cross, IAEA

Mr. Dieter Zeller, IAEA

CCISUA: Ms. Frances Waskes-Fischer, President

CCAQ secretariat

Secretary: Mr. Roger Eggleston

Assistant Secretary: Ms. Mary-Jane Peters

Guests

CFC: Mr. Garry Slark, Administrative Officer

IOM: Mr. Albert De Dycker, Chief,
Personnel Section

FAFICS: Mr. Klaus Feldmann, Vice-President, ARICSA

Annex II

AGENDA AS ADOPTED ON 9 APRIL 1996

[* Items relevant to the agenda of the forty-third session of ICSC]

	<u>Item</u>	<u>Document</u>
A.	MATTERS TO BE CONSIDERED AT FORMAL MEETINGS OF THE SESSION	
1.	Election of Chairperson and Vice-Chairperson	
2.	Adoption of the agenda	ACC/1996/PER/R.1
3.	Remuneration of the Professional and and higher categories	
* 3.1	Examination of the application of the Noblemaire principle (This matter will also be touched upon in the context of the CCAQ Retreat.)	
	(a) Specific aspects of the net remuneration margin calculation methodology	ICSC/43/R.7
	(b) Identification of the highest paid Civil service: comparisons with the German civil service	ICSC/43/R.8
* 3.3	Review of the level of dependency allowances	ICSC/43/R.11
4.	Post adjustment matters	
* 4.1	Report of the Working Group on the operation of the post adjustment system	ICSC/43/R.9
* 4.2	Report on the twentieth session of ACPAQ	ICSC/43/R.10
	Note by ICAO on anomalies in expatriate entitlements of the post adjustment system	CCAQ(PER)/84/CRP.6
5.	Removal entitlements	
-	Note by the CCAQ secretariat	ACC/1996/PER/R.2

Item	Document
6. Matters relating to the Secretariat	
7. Other business	
B. MATTERS TO BE CONSIDERED IN CONJUNCTION WITH ICSC BRIEFINGS AND AT FORMAL MEETINGS OF THE COMMITTEE AS REQUIRED	
1. * Review of the mobility and hardship scheme [see also item A.5 above]	ICSC/43/R.14 and Add.1
2. Pensionable remuneration and pension entitlements	
* 2.1 Methodology for the determination of pensionable remuneration of the:	
(a) Professional and higher categories	ICSC/43/R.3
(b) General Service and other locally recruited categories	ICSC/43/R.4
* 2.2 Common staff assessment scale	ICSC/43/R.5
* 2.3 Special index for pensioners	ICSC/43/R.6
3. * Resolutions and decisions of the General Assembly and the legislative/governing bodies of other organizations of the common system - Papers by the ICSC secretariat - Note by the CCAQ secretariat	ICSC/43/R.2 & Add.1 CCAQ(PER)/84/CRP.4
4. Appointments of limited duration	ICSC/43/R.15
C. MATTER(S) FOR CONSIDERATION BY ORGANIZATION(S) CONCERNED	
* Conditions of service of the General Service and other locally recruited categories:	
(a) Survey of best prevailing conditions of employment in London	ICSC/43/R.13
(b) Survey of best prevailing conditions of employment in Vienna	ICSC/43/R.14
D. THE CCAQ RETREAT (12-14 April)	

Annex III

**STATEMENT FROM ACC TO THE RESUMED
SESSION OF THE GENERAL ASSEMBLY**

In November last year, the Secretary-General informed the Fifth Committee of the views of the Advisory Committee on Coordination on ICSC's treatment of two issues central to the governance of the common system:

- C the examination of all aspects of the Noblemaire Principle, and
- C the consultative process in the Commission.

ACC expressed concern that ICSC's treatment of these issues had fallen short of what had been expected and of what was required. The Executive Heads were critical of ICSC's lack of response to their management needs. They made specific proposals to enhance the consultative process. They requested immediate action to bring the current margin to the mid-point of the range and to restructure the salary scale to correct existing imbalances. As part of a longer-term strategy to restore competitiveness, they sought action:

- “(i) To update the application of the Noblemaire Principle in order to reflect the current realities of the global labour market;
- “(ii) To make the remuneration system more competitive with bilateral and multilateral financial aid agencies;
- “(iii) To adjust the margin range to begin to close the gap between United Nations remuneration and national and international public and private comparators;
- “(iv) To introduce innovations that would help to motivate staff, reward quality of performance and better reflect the dynamics of organizational change.”

The Fifth Committee noted ACC's statement; it reaffirmed the validity of the ICSC Statute, while calling upon Member States and the Secretary-General to ensure, through the selection process, that the Commission had the requisite technical skills and broad managerial experience. It deferred action in respect of ICSC's proposals on the application of the Noblemaire Principle, inviting ICSC to review the matter and report back to the resumed session of the General Assembly.

ACC acknowledges the difficulties faced by the Fifth Committee in terms of the lack of technicality and clarity of ICSC's recommendations; it is also conscious of the shortage of time available to the General Assembly to deliberate upon these issues which are of major concern to all organizations of the common system. It would appeal to the Assembly to ensure that, by rescheduling discussion of the Annual Reports of ICSC regularly to a fixed date at the beginning of the Fifth Committee in September each year or alternatively to a resumed session in March of the following year, more time might be made available for serious deliberation of the issues raised.

ACC remains concerned at the lack of action to ameliorate the consultative process. ICSC must ensure the full participation of all its consultative partners. The continuing non-participation of the staff bodies in the work of ICSC and the consequent lack of sound management-staff partnerships exacerbates the difficulties faced by the Executive Heads successfully to introduce organizational change. The time has come for all parties to join together in a compact for the better governance of change in the United Nations common system.

ICSC has now undertaken the re-examination of its 1995 recommendations as requested by the General Assembly. It has decided to uphold its technical recommendations related to the measurement of the margin. It has also reconfirmed that the total compensation levels of the German civil service have been found to be superior to those of the current comparator.

The executive heads endorse these conclusions. There could be no technical justification for any other course of action. In addition, they strongly support the Commission's decision as a consequence to go forward with its recommendation to restore the margin of UN to US net remuneration to its desirable mid-point in 1996.

Nevertheless, they regret that the Commission has not seen fit to make any use of its findings in respect of the remuneration levels of the German civil service, the Bretton Woods institutions or the Coordinated Organisations in order to update the application of the Noblemaire Principle to reflect the realities of the global labour market and to begin to restore common system remuneration to competitive levels. It has thus not responded to the General Assembly's original request to ICSC to study all aspects of the application of the Noblemaire Principle.

In this context, the executive heads would recall that, in most difficult circumstances, they are attempting to put together measures for improved management and cost containment. These require maximum management flexibility and innovation in terms of motivating staff, rewarding quality performance and restoring the competitive edge of the remuneration system. The General Assembly has itself reaffirmed the need to continue to ensure the competitiveness of common system conditions of employment.

In its statement to the General Assembly in November 1995, ACC acknowledged the prevailing financial uncertainties. They reconfirm their managerial responsibility to accommodate any additional expenditures involved as a result of the implementation of ICSC's recommendations, inter alia, through cost-containing measures; they also expect that such measures will apply to ICSC who continue to be submerged by requests emanating mainly from the General Assembly itself.

In endeavouring to begin to make the United Nations common system truly competitive, all parties must pursue together initiatives which will best enhance cost-effectiveness, improve administrative efficiency, strengthen accountability, eliminate duplication and waste, and enable each organization to focus on comparative advantage as well as to improve performance and ensure that organizations can fulfil their Charter obligation to recruit and retain the brightest and the best.

There have already been far too many delays in reaching a conclusion on this matter. ACC urges the General Assembly to act now at this resumed session. Any further delays

would further deteriorate the competitiveness of UN remuneration and hence threaten the governance of change in the United Nations common system.

Annex IV

CCAQ STATEMENT: OPENING OF THE SESSION

Mr. Chairman,

I would like to make a number of comments at this point both in respect of the agenda of your session, the timing of consideration of the issues contained in the agenda and some comments related to the presentation of your annual report to the General Assembly.

First, on the question of timing. There can be no doubt that this is going to be a very difficult session, particularly in respect of the number of major issues which are included in your agenda and which will need very careful consideration in the coming days. The priority in our view must go to the question of the application of the Noblemaire principle and hence to the issues raised in connection with margin methodology and the highest paying civil service; we trust you will deal with these issues together in the context of the application of the Noblemaire principle to allow us to have a first overview of the subject. We would insist that, through the programme of work, maximum attention is given to this issue and to the preparation of the report thereon for consideration by the General Assembly at its resumed session. I will revert to the importance we attach to this matter when we come to agenda item 6.

We would also request that in order to allow for the participation of as many organization representatives as possible, the consideration of post adjustment matters be advanced as much as possible. We stand ready to work with your secretariat to try to reschedule your work programme to this end. We would also request that - under the pension issues - consideration of the common staff assessment scale precede the review of the methodologies for the determination of pensionable remuneration. To be coherent, we can only know what the income replacement levels are likely to be when we have concluded what are the appropriate scales of staff assessment.

Second, in this context, it may well be necessary to postpone consideration of some matters. Although several organizations have been urging action on appointments of limited duration, we would propose that the substantive consideration of this matter be put off until the summer. To advance our work in this area, we would welcome the establishment of an inter-sessional working group.

Thirdly, CCAQ is particularly concerned at the reactions of the General Assembly to your 1995 Annual Report, both (i) in terms of what the Assembly has seen as the incomplete nature of your considerations in respect of the application of the Noblemaire principle (you will recall in this respect a number of statements made in the Fifth Committee asking you urgently to complete this work) and (ii) in asking you to provide reports which "contain clear and readily understandable explanations of (your) technical recommendations". In our view, the Assembly was not helped in its reading of your 1995 report by the frequent reference to one or other member's views which were interspersed throughout the text. Such presentation does not enhance the comprehension of the reader. Moreover, we would ask if it is in keeping with the spirit of Article 6 of the Statute itself wherein the Commission is to be responsible **as a body** to the General Assembly. The matter is one of collegiality. We would

ask you to consider very seriously reverting to a former practice whereby the consensus views of the Commission are reflected in the main body of your Annual Report and any dissenting views or comments on these dissenting views are provided in appendices at the back of the report. The views of the majority and those of the dissenting members should, of course, be appropriately balanced.

Hindsight is, of course, a fine thing, but you will recall that in this context, at the closing of your last session in New York, we expressed serious concerns about a number of matters related to the adoption of your report: these included the absence of members, the suspicion and lack of confidence in the work done by the Commission's secretariat and the inclusion of views which disrupted the balance established in the draft report. We pointed out that it appeared to us that the discussion which took place while adopting the report was intended to bring forward the views of individual members on a selective basis rather than reflecting the decisions of the Commission as a whole. We added that the "process of adoption of the report did little to improve the credibility of the ICSC". You can find the text of our statement in paragraph 63 of the report on the work of the forty-second session. It gives us little pleasure to recall these comments. We do so only in a spirit of optimism that in the report you will make to the resumed session of the General Assembly, we will clearly see a balanced, technically sound analytical presentation which will be easily understood.

Mr. Chairman, my last point relates to the way in which your Report was considered at the fiftieth session of the General Assembly. In our view, consideration of your report has become increasingly difficult in recent years. Unfortunately, in November/December of each year, there are major time constraints on the work of the Fifth Committee because of the number of major issues preoccupying the most senior representatives of delegations in the Fifth Committee. It appears to those of us who have been present at the year-end sessions of the Fifth Committee, as indeed it does to a number of Member States' representatives, that we should make every effort to have the report of ICSC considered at a clearly pre-set time, either for example at the beginning of the Fifth Committee's deliberations in September or, if this were unfeasible, perhaps at the March resumed session. It is our intention, through ACC, to ask the General Assembly to arrange the work programme of the Fifth Committee to this end. This would mean that for a week or 10 days the Fifth Committee's deliberations would be dedicated solely to the consideration of ICSC's Annual Report, hence giving it the prominence due to a document of such importance for the common system as a whole. Having the dates set in this way would also allow for increased participation of the executive heads or their representatives at the Assembly. There are of course consequences for the work programme of the Commission, and indeed of CCAQ, in such a proposal; it would for example clearly be essential for the Assembly to have available to it copies of the report in all languages well in advance of its discussion. This would mean inter alia that Commission sessions would have to be scheduled in such a way as to enable translations of the report to be made and the report itself issued some three weeks or a month before the Assembly takes up the matter.

**CCAQ STATEMENT:
RESOLUTIONS AND DECISIONS OF THE GENERAL ASSEMBLY
AND THE LEGISLATIVE/GOVERNING BODIES OF OTHER
ORGANIZATIONS OF THE COMMON SYSTEM
(ICSC/43/R.2 and R.2/Add.1)**

Mr. Chairman,

We have taken note of the information provided in the documents before us, namely R.2 and R.2/Add.1. You will no doubt want to examine carefully some of the underlying reasons for the conclusions reached by the General Assembly in respect of your Annual Report and which is commented upon in document R.2. I have already had occasion to refer to the problems which arise when your Annual Report contains dissenting views in the body of the Report itself and the complications this gives to delegations in the General Assembly. We trust you will take note of our comments in this respect with a view to altering the manner in which you present reports in the future.

We are also concerned that the discussion in the Fifth Committee was not solely based on the written comments provided in your report but that some Member States' delegations had been provided also with the written views of one Commission member; this aggravated the perceived lack of unity amongst the members of the Commission. Such action does not appear to us to be in keeping with the spirit of Article 6 of the Statute. As was said in 1975, "The Commission must not only be independent, it must be seen to be independent". Nor, in our view, does the General Assembly appreciate receiving contradictory opinions from this technical body. Perhaps the Commission could advise us of the action it intends to take about this matter?

My colleagues may wish to speak further in respect of the issues raised particularly in document R.2/Add.1 which refer to the governing bodies of their organizations.

CCAQ has taken note of the comments made in the governing bodies of at least six organizations (UN, UNESCO, WHO, ICAO, UPU and IAEA) about the advancement of women. In this connection, we would like to inform you that CCAQ is following up with organizations on the recommendations made by ACC in 1995 in respect of the advancement of women. We are looking in particular at the numbers of women candidates applying for vacant posts, being shortlisted and ultimately being selected for posts. We shall be pleased to share the data on this matter with your secretariat in due course.

**CCAQ STATEMENT: PENSIONABLE REMUNERATION
FOR THE PROFESSIONAL AND HIGHER CATEGORIES**
(ICSC/43/R.3 and CRP.5)

Mr. Chairman,

It is difficult to concentrate on this issue - pensionable remuneration for Professional and higher grade staff - when the basis for pay setting for this category of staff has not been decided upon by the General Assembly.

We would, nevertheless, like to make some preliminary comments. They are based on the assumption that (a) for the present, the US federal civil service will remain the comparator and (b) that the income replacement approach is to remain in place.

I must first refer to CCAQ's comments at your thirty-eighth, fortieth and forty-second sessions in respect of the comparison of UN and US federal civil service pensionable remuneration levels.

You will recall that at these sessions we had expressed concern for the persistent differences between the income replacement ratios of the United Nations and the comparator civil service. For many years, the UN level of income replacement has consistently been about 1 per cent below that of the comparator.

We were informed that two factors were affecting the relationship between the UN and the US, namely:

- (i) first, that the UN net to gross relationship reflected the taxation system of the seven headquarters duty stations while only US taxes were reflected on the US side of the equation, and
- (ii) second, that pensionable remuneration was determined by the application of staff assessment to 46.25 per cent of UN common system salaries.

We had asked that appropriate analyses of this distortion be prepared in good time for this comprehensive review of the pension remuneration methodology.

Unfortunately, we do not find such analyses in the document before us.

To CCAQ, it is evident that, at the very least, the grossing up procedures should be carefully looked into if the distortion to which we have referred since your thirty-eighth session in 1993 is to be reduced. We are not wedded for example to the 46.25 per cent used for the grossing up procedures. We certainly would not wish to see it endorsed forever.

Our second comment relates to the relatively new Federal Employees Retirement System or FERS which is the subject of CRP.5. In this connection, Mr. Chairman, I must say that we were somewhat taken aback at the initiative taken by the secretariat to hire an actuarial consulting firm to review the FERS scheme. Neither the Commission nor the Board nor the organizations representatives had asked for this and given the different premise on which the FERS scheme is based, we wonder if it was absolutely essential.

We have, nevertheless, taken note of the information contained in the CRP which

shows that, on the basis of the methodology used, there is great similarity in the value of the different components of our scheme and both the CRCS and FERS pension schemes. However, we must underline that the FERS scheme is founded on a completely different premise from our own pension plan, namely, it is based on defined contribution elements rather than defined benefits. Even more importantly, the FERS scheme is incompatible with our own because it is not a pure pension scheme; it is linked to the US social security system. We are, moreover, given to understand that, in the future, the FERS arrangements may be linked to the purchase of government savings bonds which will make it even more incompatible with the UN pension régime.

Therefore, whilst the information on the scheme is of interest, it is not pertinent to our own pension system. United Nations common system staff have no social security protection and no individualized tax related advantages such as those of US federal civil servants. The premises on which the FERS system is built are not valid for the common system. The foundation of the UN pension scheme is that of income replacement; the integrity and coherence of any adjustments we might consider introducing into the common system pension scheme must therefore be based on the accurate measurement of income replacement levels.

Mr. Chairman, in short, CCAQ does not wish to see the results of this study incorporated in any way in the methodology for the determination of pensionable remuneration at the Professional and higher levels.

**CCAQ STATEMENT: PENSIONABLE REMUNERATION
FOR THE GENERAL SERVICE AND OTHER LOCALLY RECRUITED STAFF
(ICSC/43/R.4)**

Mr. Chairman,

I have already alluded to the difficulties we have in dealing with pension matters in advance of basic salary issues. In 1997, you will again review the General Service salary survey methodology. When that review is completed, it may well be easier to look again at the methodology for determining the pensionable remuneration of the General Service and related categories.

We must not put the cart before the horse.

Our views in CCAQ are therefore very like those of our colleagues in the Standing Committee of the Pension Board, namely:

- (a) that there is no need to change the grossing up factor at this time; and
- (b) the non-pensionable component should be looked into in the context of the salary survey methodology review next year.

CCAQ STATEMENT: COMMON STAFF ASSESSMENT SCALE
(ICSC/43/R.5)

Mr. Chairman,

CCAQ has taken note of the tax procedures, applicable deductions, aggregation procedures and statistical methods set out in document ICSC/43/R.5. We have also noted the views expressed in the Standing Committee of the Pension Board on this matter.

As I said in the context of the adoption of your agenda, to be coherent we must respect the intricate logic of these pension matters. It has been concluded that pensions be set on the foundation of income replacement. To know what level of earned income a pension will replace, we must first reach a conclusion on how best to gross up net income in order to take account of the taxes which will be applied to pensions (i.e. to know the rates of staff assessment). Only when we know what those rates are and what are the consequent levels of pensionable remuneration and pensions can we revisit the methodology for the determination of pensionable remuneration to assure ourselves that that methodology meets our income replacement goals.

But let me return to the issue at hand, and recall at the outset that the main reason behind moving towards a common scale of staff assessment is to reduce the anomaly of income inversion. We are grateful for the work that has been undertaken to date but, clearly, further analyses are required; we need data that are more structured and more tests of each variant to see more precisely the outcome of the different options.

Pending such studies, our responses to the issues raised in the document can but be preliminary and tentative. On balance, we would have a preference for the equal weighting of tax rates, even if this represents a change from the current methodology and the use of retiree tax deductions. The use of a partial grossing up factor is coherent with the use of retiree tax deductions, whereas the use of a partial grossing up factor is not coherent with the use of employee tax deductions. To be consistent, if we are to use a partial grossing up factor, then we should also use retiree tax deductions; if we are to use employee tax deductions, then we should be using a grossing up factor of 100 per cent.

Mr. Chairman, as we work together on the sets of alternatives which will have to be developed, we would also like to take a further look at the starting point and the brackets used at the lower end of the staff assessment scale because of the impact of these on locally recruited staff in the field where, in dollar terms, are low.

Only when all data are available can we determine which regression method to use; we acknowledge that there may be merit in consistency - i.e. that the same regression method be used in constructing both dependent and single rates of staff assessment. However, here as elsewhere, we would urge that we do not rush into prejudging issues.

In recent years there have been too many instances of what I would call rushing to judgement on methodological matters which with time have proved overall to be more detrimental than beneficial and whilst the changes introduced may have helped to remedy one problem, they may have given rise to others. It is incumbent on us all to be as sure as we can be of the full consequences of any action to revise methodologies.

CCAQ STATEMENT: SPECIAL INDEX
(ICSC/43/R.6)

Mr. Chairman,

We acknowledge that the document before us is an update of the material presented in 1994 in ICSC/39/R.8. We are somewhat disappointed that the document does not, however, respond to the concerns and requests we made at that point and which we requested be considered in the context of this 1996 comprehensive review. Let me quote from the statement of the Chairman of CCAQ to your 39th session.

"CCAQ wishes to separate those issues of a long-term conceptual nature from others ... in our view to the extent that the long-term conceptual issues need review, these should be considered as part of the studies which will take place in 1996 ... The 1996 study should provide for a full analysis of how the special index has worked, and the impact it has had on pensions and on the workings of the Fund itself."

Unfortunately, we see no reflection of these broader issues in the document before us, although reference is made to similar concerns expressed by the representatives of the executive heads in the Pension Board in paragraph 18 of the document. Indeed, at the end of that paragraph, it is noted that the representatives of the General Assembly in the Board had endorsed ICSC's decision to defer an in-depth review of the special index provisions until 1996 **so that all elements could be reviewed in the context of the comprehensive review of pensionable remuneration and consequent pensions.**

We have not, however, been given any analysis of how the index has met the perceived needs for its existence, nor whether it has proved to be cost effective, nor what impact it has had on income replacement issues. Without these analyses, we can make no comment on the first conclusion in section IV of the document that the Commission may wish to recommend retention of the special index. CCAQ would say that we should first look to see whether, over time, the special index has worked as we had anticipated. Only then can we begin to look at some of the other conclusions of the document.

For the moment, therefore, we must urge you not to change the present procedures as, in our view, it would be premature to tamper with these until the conceptual issues have been reviewed.

I am sorry, Mr. Chairman, if I cannot be more positive and helpful at this stage, but it is not as though this position is new. The position I have just outlined is one which we put forcefully forward in 1994, as did the representatives of the executive heads in the Pension Board.

**CCAQ STATEMENT:
SPECIFIC ASPECTS OF THE NET REMUNERATION
MARGIN CALCULATION METHODOLOGY (ICSC/43/R.7)
AND IDENTIFICATION OF THE HIGHEST PAID
CIVIL SERVICE (ICSC/43/R.8)
(THE APPLICATION OF THE NOBLEMAIRE PRINCIPLE)**

Mr. Chairman,

As I said on the opening day, the application of the Noblemaire Principle is for CCAQ the key issue of your current session. Although the documents before us relate strictly to margin methodology and the highest paying civil service, at the outset, I would like to make comments on the general issue "the examination of the Noblemaire Principle and its application".

Let us first recall that the General Assembly asked you as its technical advisory body to review **in the context of competitiveness** all aspects of the application of the Noblemaire principle. It has affirmed and reaffirmed the need to continue to ensure the competitiveness of UN common system conditions of service. That was the stage on which you were asked to act. In the view of the executive heads, you were being invited to update the application of the Noblemaire principle to reflect the realities of the global labour market.

In ACC's view, this review gave you the opportunity to consider innovations that would help motivate staff, reward quality performance and help the organizations as they strive to change the way they work.

The executive heads have asked you to help them and repeatedly stressed the urgency they attached to your work. More specifically, they have called for action immediately to bring the margin to the mid-point of the range and to restructure the salary scale to correct existing imbalances. As part of a longer-term strategy to restore competitiveness, they sought action:

- "(i) to update the application of the Noblemaire Principle in order to reflect the current realities of the global labour market;
- "(ii) to make the remuneration system more competitive with bilateral and multilateral financial aid agencies;
- "(iii) to adjust the margin range to begin to close the gap between United Nations remuneration and national and international public and private comparators;
- "(iv) to introduce innovations that would help to motivate staff, reward quality of performance and better reflect the dynamics of organizational change.

We see no reflection of these concerns in the documents available for us at this session except that we see that where the General Assembly has made specific comments, alternatives have been put forward which imply that the Commission might wish to move away from the proposals it made in its annual report in respect of the reduction of dominance and the inclusion of bonuses and the nomination of the German civil service as the highest paying.

We can find no justification whatsoever for such a turn of events. Indeed, I think you made a similar comment yourself, Mr. Chairman, at the opening of the session.

We are aware of the difficulties which the Fifth Committee faced in terms of its understanding of the recommendations contained in your report which they expressed in the paragraph at the end of the resolution referring to the need for clear and readily understandable explanations of your technical recommendations. As I said on the opening day of this session, in our view the Assembly was not helped by the frequent reference to one or other member's views in your report and you have already agreed to take care of this for the future. We are also conscious that the Fifth Committee had very little time available to it to undertake a full review of your recommendations. We have also referred to some ideas we are putting forward to try to ameliorate this problem.

We are learning the lessons needed to try to ensure that your report gets the proper attention and is presented in a balanced and technically sound manner. From the technical standpoint, however, nothing whatsoever has changed which would make us reconsider the proposals contained in your 1995 Annual Report. Nothing has been invalidated as a result of the discussions you have held with the German Government. The Government may not wish to accept the Master Standard as the tool for comparison of its jobs with those of the US Federal civil service, but that does not in any way render those comparisons less valid. The Master Standard was designed specifically to allow for just such comparisons. It is our yardstick, introduced as the cornerstone of remuneration in the common system nearly 20 years ago. It has been tried and tested. Surely we cannot abandon its use in this most important comparison, just because one of the parties does not find it acceptable. In this context, the Master Standard is the statistical constant which is needed in the comparison of any two variables.

Similarly, there is no technical evidence which would support any change in the positions which you took in respect of the reduction of dominance or the inclusion of bonuses in margin comparisons.

On both these issues, that of comparison with the German civil service and of margin methodology, the documents before us cogently and technically confirm that the decisions you made in 1995 must be upheld. Yet in the conclusions to those documents, we are being offered a number of alternatives which seem completely unrelated to the technical explanations contained therein.

The matter is one of technical credibility. Mr. Chairman, we must urge you to uphold the technical soundness of your recommendations. There is no room here for any political compromise.

We have noted with some concern that the question of the comparator has recently been raised in the Open-Ended High Level Working Group on the Strengthening of the United Nations System; reference has been made to staff remuneration in documents put forward to the Working Group. Various recommendations have been made, all of which conclude that the current comparator should be abandoned. The Working Group was asked to consider three alternative comparators to the US civil service; the first, a global average of public service rates; the second, an average of United Nations missions in New York plus the equivalent of post adjustment; the third, simply, the Bretton Woods institutions. Does this mean that the Open-ended High Level Working Group is taking over responsibility for pay setting? What is the relationship of this group to ICSC? Has our time and effort been completely wasted? By the way, Mr. Chairman, we have attempted to assess the cost, up to

now, of these efforts and we arrive at a conservative estimate of US\$1,300,000; interesting no? In the light of all our efforts, can we at least salvage some straightforward technical, unequivocal recommendations for the resumed session of the General Assembly? We would very seriously urge you to make sure that this is the case as, if not, we are extremely concerned that others may start to try to provide the guidance sought.

So, Mr. Chairman, coming back to the matters before us. Where do we go from here? First of all, the backdrop. We are all fully aware of the financial difficulties facing many of the organizations at the moment. There have always been financial difficulties of one sort or another; there probably always will be. The executive heads have acknowledged that. They know that budgets have to be balanced; they have acknowledged that they are willing to put in place cost containment measures to offset any additional costs in human resources. This is their managerial responsibility. That is not the issue; the issue is one of technical credibility.

As to the base/floor, it is clearly crucial that action be taken in 1996 or the gap between United States and United Nations remuneration will begin to reach proportions which the General Assembly will never be able to countenance.

Action to restructure the scale is intrinsically linked to the base/floor adjustment and hence must also be upheld in 1996. In short, Mr. Chairman, we would expect you, after due consideration, to confirm unequivocally to the General Assembly the technical soundness of the recommendations contained in your 1995 Annual Report with whatever clarifications are appropriate in terms of the grade equivalency studies with the German civil service.

Mr. Chairman, I hope you will allow CCAQ to supplement these general comments as the debate on this matter continues.

**CCAQ STATEMENT:
REPORTS OF THE WORKING GROUP ON THE OPERATION
OF THE POST ADJUSTMENT SYSTEM
(ICSC/43/R.9)**

Mr. Chairman,

We note that the reports of the meetings of the Working Group held in November 1995 and in March 1996 have been combined in the document before us ICSC/43/R.9.

Needs analysis

I would like to refer first to the question of the appropriateness of our post adjustment system to our population; this is referred to in section II of document R.9 referring to the post adjustment systems of similarly situated employers and in the report of the March session of the Working Group under the section on needs analysis.

Let me say at the outset that CCAQ supports further analysis of the extent to which the current system for equalizing purchasing power responds to the very different staffing patterns of the organizations and hence meets their needs. This is not simply a question of another comprehensive review or of looking again into one or other of the sometimes vexatious issues - such as the treatment of housing - which have dogged previous discussions.

Rather, it is a question of the validity of one monolithic post adjustment system in a multifarious set of organizations with very diverse patterns of employment, something which is not found outside our system.

I would put this also in a broader context. All current trends in human resources management - including the determination of pay and benefits - are towards greater flexibility and reduced rigidity. There are many examples, not least in the comparator civil service. We believe that the time has come to subject the post adjustment system to a critical analysis as to its ongoing responsiveness to the needs of rapidly changing organizational structures and mandates. The General Assembly itself has supported and encouraged such flexibility to meet organizational needs. There is no doubt that such an analysis will require a deep understanding of organizational differences and a considerable degree of courage. The other comments which I will make on the reports of the Working Group are also to be seen in this context of increasing flexibility.

Use of external sources of data

CCAQ supports the recommendation that the secretariat continue to explore using price data from external sources, providing that such data measure up to two criteria, namely technical applicability and cost benefit.

Housing and the simulation study

CCAQ supports the proposed pilot study into the separation of housing from post adjustment at small field duty stations where valid housing comparisons are difficult or impossible and where therefore the housing market is different from that at the base. We welcome the suggestion that a few models should be tested to determine which should be workable. We note that the number of tests should be kept to a minimum.

Treatment of currency fluctuations/use of local currency denominated scales

Also in a spirit of flexibility, CCAQ would support the Working Group's recommendations that, on a pilot basis, IAEA or other interested organizations, use local currency denominated scales. CCAQ also supports the recommendation that the secretariat should study further (a) the criteria used for classifying duty stations into Group I and Group II and (b) the procedures used in handling out-of-area expenditure in the light of the experience of other post adjustment systems. We hope that further work will also be pursued on the long-term impact of currency fluctuations on the post adjustment system.

Expatriation allowance

The question of expatriation raises yet another concern as to certain anomalies which can be perceived in our attempt to maintain equality of purchasing power. The so-called parity of purchasing power may, in fact, be distorted by a number of elements which require greater attention. One of these is indeed the question of expatriation. CCAQ would invite the Commission to request its Working Group to pursue this matter with urgency.

Percentage of income to be applied to relativities/concept of spendable income

ACPAQ has made it clear that there is no universal definition of the concept of spendable income and pointed out that the expenditure items which constitute this concept vary between countries. ACPAQ goes on to suggest in paragraph 158 of its report contained in ICSC/43/R.10 "that there is a need first to define the concept of spendable income relevant to the common system rather than to replicate existing concept(s) of some similarly situated employers".

Moreover, our post adjustment system is multi-based. The concept of spendable income is not deemed to be in conformity with a multi-based post adjustment system. No multi-based system applies to the concept of spendable income. It is thus, in our view, inconsistent with the application of such multi-based systems. Similarly, the notion of a cap is incompatible with the concept of parity of purchasing power. We must be very careful not to lurch into making decisions on these highly technical and complex issues without a full analysis incorporating ACPAQ's expertise. In our view, there is no merit in pursuing either the concept of spendable income or the notion of a cap.

One last point, Mr. Chairman. We assume that the Working Group is going to continue its useful work and, in this context, we would insist that any suggestions which are put forward by the Working Group should be put forward to ACPAQ in order that we have the benefit of their technical advice before taking up such proposals in the Commission itself.

We assume that the matters raised in the CRP submitted by ICAO and relating to the treatment of expatriation will be submitted to the Working Group.

CCAQ STATEMENT: REPORT OF ACPAQ
(ICSC/43/R.10)

Mr. Chairman,

CCAQ takes note of ACPAQ's report; the views of the representatives of organizations are reflected therein.

I will not refer to the concerns raised by the representatives of organizations at individual duty stations, but rather of concerns which affect a number, indeed potentially all, duty stations and thus have system-wide consequences.

First, the question of the determination of out-of-area weights at HQ locations.

Last year, you decided, that instead of the band approach - adopted in the course of the 1989 comprehensive review - actual out-of-area weights should be used for post adjustment determinations at headquarters locations. Members of ACPAQ observed that the 10 per cent out-of-area weight that had been set by the Commission was in conformity with the concept of common weights and that the use of actual out-of-area weights had implications with respect to the use of the modified Walsh formula. It concluded that, as the Commission had changed the methodology by going to actual weights, which was not in conformity with the concept of common weights, there was no alternative but to treat the out-of-area weights as an additive component in the modified Walsh formula.

Putting this matter to one side, there remains the very important question of the proper updating of out-of-area weights.

ACPAQ has stated that, with the exception of Montreal, it was unable to endorse or not endorse the results of the place-to-place surveys for other headquarters locations as the statistical validity of the out-of-area data gathered for the calculation of the indices could be questioned.

The inability of ACPAQ to pronounce itself raises serious concerns of both a legal and a technical nature. In CCAQ's view, it is inappropriate and potentially costly to make use of data which is not deemed to be fully satisfactory and which, in consequence, may well be open to legal challenge. Moreover, those executive heads which are bound by a judgement of the ILO Administrative Tribunal to make a determination as to the legality of the implementation of ICSC decisions could well be placed in a very difficult and potentially embarrassing position. To make any decision on the basis of arbitrary data would, in our view, call into question the credibility of the post adjustment system which, if it is to work, must be founded on sound technical and statistical determinations.

We also have concerns for the determination of a single post adjustment for Geneva and the surrounding areas of France. CCAQ has commented about this matter in the Commission on several occasions; it has ramifications which potentially go beyond one duty station. We have both technical and legal concerns. The first prerequisite is for the development of a sound methodology for the purpose of the determination of the post adjustment index. This methodology will need to meet all the technical concerns raised - including those contained in the report of ACPAQ, inter alia:

- (a) for the determination of points of purchase;

(b) for the method by which prices collected in Geneva and France will be averaged; and

(c) as to how the interplay of currencies and different inflation rates will be managed which is particularly important for time-to-time adjustments.

Careful preparatory work will be crucial. Any flaw in the methodology will immediately open the matter up to legal challenge. To this end, it will be essential for ACPAQ to review each step of the methodological and survey preparations.

So much for the soundness of the methodology; there remains the question of the legality of the whole approach - namely, the legality of a single post adjustment index for staff residing in two different sovereign states. The General Assembly did not appear to include a full examination of the legal ramifications of the issue; this is unfortunate.

The concept of equity can itself be illusory. Is it equitable to reduce the take-home pay of a staff member who does not - indeed probably cannot - benefit from what is generally perceived to be lower cost housing and/or other goods and services in that area of France which surrounds Geneva?

Moreover, we recall the long list of questions or potential problems raised - but not answered - in your 1995 Annual Report. No proposals were made as to how these problems might be solved. Nor has the General Assembly offered any guidance thereon.

We do not believe that these issues have yet been thoroughly taken into account and we shall indeed revert to this question of fairness and equity as and when the outstanding methodological questions become clear.

CCAQ STATEMENT: DEPENDENCY ALLOWANCES
(ICSC/43/R.11)

Mr. Chairman,

CCAQ has taken note of the information provided in the document in respect of the two-yearly updating of the level of the dependency allowances.

We concur with the basic proposal to increase the children's allowances to reflect the 7.98 per cent increase in the value of tax abatement and payments under the social legislation applicable at the seven headquarters duty stations.

We recall that in 1992 you decided to increase the secondary dependents' allowance by the same percentage as the children's allowance and that the proposal this year reflects that decision. You will recall that at that time, CCAQ had preferred a system by which the secondary dependents' allowance would be set at 50 per cent of the children's allowance since this was (a) in consonance with the system originally adopted for the determination of the secondary dependents' allowance and (b) it would be simple to administer. In conceptual terms, we would prefer to retain our earlier proposal and set the secondary dependents' allowance at 50 per cent of the children's allowance.

In this connection, we note that, as at 31 December 1994, out of a total of 18,184 staff members in the Professional and higher categories, 542 or 3 per cent were in receipt of the secondary dependent's allowance. These 542 staff members are significantly fewer (by some 17 per cent) than those in receipt of the secondary dependents' allowance as at 31 December 1992. Hence, notwithstanding fear expressed in the Commission in previous years that the number of staff claiming the secondary dependency allowance would escalate, it would appear that the total number of staff members in receipt of the allowance is going down significantly.

We note the comments made by your secretariat in terms of the application of dependency allowances to hard currency and other duty stations and concur with them that duty stations at which the allowances would be payable in local currency should remain as is and that the children's allowances be increased by 7.98 per cent and the secondary dependents' allowance to a level set at 50 per cent of the children's allowance.

**CCAQ STATEMENT: REVIEW OF THE MOBILITY AND
HARDSHIP ALLOWANCE**
(ICSC/43/R.14 & R.14/Add.1)

Mr. Chairman,

Let me first express our appreciation for the thorough presentations made by your secretariat in the documents before us R.14, R.14/Add.1 and CRP.4. We appreciate the effort made by your secretariat to provide us with a comprehensive overview of the workings of the mobility and hardship allowance.

You also have before you a CRP and other documents and statements prepared by the organizations to which the organizations in question will no doubt wish to speak.

Let me also say at the outset that we welcome this opportunity to review how the mobility and hardship allowance is working, whether it has met up to its expectations, what has been the impact on the organizations, whether there are specific elements in the design which ought to be changed, whether the costs of the scheme have remained reasonable over time. Before entering into any other comments, I must again point to the differences between organizations in terms of mobility and field service. I know that we have spoken many times, and in different contexts, of the differences between organizations, but probably nowhere are these differences more apparent than when it comes to the question of mobility. The secretariat has of course alluded to this in the document. You will be already fully aware that there are in our system organizations which we could place broadly into three categories:

- the highly mobile, such as the humanitarian organizations, UNDP, UNICEF, UNHCR, UNFPA, WFP
- the somewhat mobile, such as ILO, FAO, WHO, UNESCO;
- the basically non mobile, such as WIPO, WMO, WTO and ITU.

Even within these broad categorizations there are differences. There are organizations which have rotation policies designed in such a way as to ensure that, after a certain period in headquarters location, staff members go to the field as part of their career development. After some years in the field they return to headquarters. Without such field service they will not be considered for managerial jobs. There are others which may recruit quite significant numbers of staff at field locations for their large regional offices and these staff members may rotate between regional and field offices and between field offices, regional centres and headquarters. There are any number of permutations.

I underline these essential differences between organizations in order to highlight how the reactions of the organizations may differ to one or other of the elements of the mobility and hardship allowance scheme. Whilst one element may be crucial for some organizations, it may be less important for others, and while one element may be deemed to be insufficient for some organizations, it may be adequate for others.

This then is the context in which the comments of CCAQ should be considered. You should also be aware that, as different organizations speak on this matter in the Commission, they will each be looking at the issues raised within the framework of their organizational needs.

Even within our very tight work programme this week, we in CCAQ have spent

considerable time looking very carefully into the way this allowance has been working over the last ten years.

Mr. Chairman,

At the outset, let me confirm on behalf of the Committee that we consider that the mobility and hardship allowance is one of the most successful innovations that has been made in the remuneration package of the common system in recent years. As organizations have developed and extended their field structures into even more remote areas - as many have done - and moved their operations to the field, the mobility and hardship allowance has been a critical and positive factor.

What is more, the six-year period since the allowance was instituted has been one of major upheavals in very many parts of the world which have increased the dangers to which staff have been exposed and the need to move staff members with urgency to respond to emergencies. Even in these unexpected circumstances, the allowance has come up to expectations. You will also have noted the very positive reaction to the allowance identified through the attitude survey of staff and managers in a number of organizations.

We would be tempted to say, and indeed if we did have a leitmotiv in this debate I think that it would be, that the allowance has worked with such success that it should not be changed in any way. But that of course would be both inaccurate and incorrect. Clearly there are certain imperfections to which we are sensitive. There are certain adjustments that could be made in certain of the elements to make them even more effective and relevant to organizational needs.

But before I make reference to some of these and respond point by point to the issues raised, let me refer to the documentation which you have before you which reflects the views of a number of executive heads and of the organizations which are the primary users of the allowance. Their testimony as to its success is very eloquent and we commend these views to you.

Some others are concerned that, while the scheme may be working well, there is a perception, notably in the General Assembly, that it is too generous and that this perception can affect, even jeopardize, the annual adjustment of the base/floor salary or of increases to restore the competitiveness of United Nations common system remuneration. It is therefore crucial for us to base our findings on the workings of the allowance and any proposals for change on firm technical grounds.

Amongst these more general concerns also, I would like to refer to the question of cost benefit. Whilst proving that an allowance is cost beneficial may not be the only way of analysing its appropriateness and worth, we are nevertheless fully aware of the need at this present juncture in the history of the organizations for us to be able to make "business arguments" which give evidence in hard dollar terms that one or another measure has proved beneficial and has not exceeded the cost levels foreseen at the time of the introduction of that measure. We believe that the evidence in this respect is compelling.

First, we find no evidence that there has been any escalation of costs. The overall costs system-wide have increased by roughly 1 to 2 per cent per year over the six-year period since the allowance's introduction and, even allowing for the approximate nature of the original costs, this is still a very small change and less than the increases in the movement of the base/floor itself.

Moreover, UNDP - one of the biggest users of the scheme - has provided data on the extent to which the introduction of this allowance has enabled them to reduce expenditures related to the movement of staff as a result of the increased length of assignments. These are direct cost reductions, not to speak of the indirect benefits which both UNDP and a number of organizations have referred to in terms of productivity gains, reduced administrative overhead and other streamlined procedures.

Like your secretariat, we too have analyzed the way in which the emoluments under our scheme have developed since 1989 in contrast to those of the comparator. There are a number of reasons for the different rates of movement of the packages, not least those related to changes in the movement of housing, and our colleagues would be happy, as the debate develops, to share with you the results of our analysis in detail.

One last general point relates to the social and non-monetary area which is referred to in document R.14. CCAQ has undertaken a number of issues in this area, not least through the adoption of a policy statement reconciling the demands of work and family of which we have copies available here. Your secretariat refers in particular to the need for further work to be done on the specific issue of split households and we in CCAQ will be pleased to look into this matter.

Let me move then Mr. Chairman to the issues raised by the secretariat and provide you with the views of CCAQ thereon.

1. We would maintain the current differentiation of the allowance by the plus or minus 13 per cent bands; paragraph 107 (d) refers;
2. We would maintain the current differentiation of the allowance between single and dependent levels; paragraph 107 (e) refers;
3. We would maintain the current home leave arrangements without change; paragraph 107 (f) refers;
4. We confirm that in July we will provide the Commission with additional data in respect of the reimbursement of additional costs of boarding dependants of staff members serving at designated duty stations as part of the review of education grant provisions; paragraph 107 (g) refers;
5. As to the hardship element in the matrix, we would recommend the introduction of an additional hardship level between the current levels A and B subject to (a) the development of criteria to determine which duty station will fall into which category A, B1, B2 and C as a result of this change and (b) that the introduction of this additional level will be of itself cost neutral, i.e. that there will be no additional costs incurred as a result of the introduction of this new level. We would, moreover, recommend the percentages for these revised levels of hardship would be the following:

- for level A - zero
- for level B1 - 5%
- for level B2 - 10%
- for level C - 15%
- for level D - 20%
- for level E - 25%.

We would recommend that this new level be phased in over a period of three years, linked to the normal review cycle of the Tripartite Working Group on the Classification of Duty Stations.

The rationale for this proposal is that such differentiation follows more precisely that of the comparator. It also smoothes out and equalizes the differences between each hardship level and therefore obviates any inconsistencies that currently arise when staff members move between hardship levels A, B and C.

6. In respect of the mobility element, we have a number of comments to make. We would recall that when the scheme was being developed, one of the areas where it was most difficult to achieve a consensus on what would be the most appropriate levels, was that of the ratings for mobility at headquarters or "H" locations. The proposals put forward by the Commission were indeed changed to some extent - not in terms of the levels themselves - but in respect of the eligibility of receipt of payment under the mobility element at headquarters locations. We have looked again at many of the options which were considered in 1989. Again, we find it difficult to reach complete agreement on exactly what is the best way of treating mobility at headquarters locations. These differences stem very much from the differences in the structure of organizations' mobility patterns to which I referred at the beginning of this statement.

Mr. Chairman, CCAQ wishes to put forward proposals in three areas. First, we have one important change to recommend, namely, that the payment of the mobility element at headquarters locations should be limited to staff in those **organizations which have a significant field structure and the practice of moving staff between and among their headquarters and field duty stations.**

Second, we would propose the elimination of the restriction that payment of the allowance at H duty stations be limited to staff members who have previously served in two field duty stations. This restriction was not included in the original design nor in the recommendations which you put forward to the General Assembly but was inserted by the General Assembly.

Third, we would suggest for your consideration two alternatives as to the levels of the mobility element as currently expressed. Our options are (a) to maintain the status quo or (b) to introduce an allowance for mobility as of the third assignment of, for example, 2 per cent.

7. We would not recommend any change in the manner in which the mobility element in A to E duty stations is paid, i.e. it should remain as a percentage within the matrix.

8. We would recommend retaining the non-removal element in the matrix for the time being. We have, as you are aware from references in R.14, begun a comprehensive study of the entitlements to removal and the shipment of personal effects and the impact of these entitlements on the non-removal element in the matrix. We are, in fact, very seriously considering proposing that the payment of the non-removal element should be time limited along the lines of the mobility element. However, we have not yet completed our assessment of all the consequences of such a proposal. Our concerns relate *inter alia* to a number of technical considerations in respect of the appropriate container size and consequent cubic metre allowances that will be appropriate as we modernize the non-removal entitlement to take account of the state-of-the-art crating and packing techniques.

9. From the point of view of the functioning of the mobility and hardship system, we would retain the link between the adjustment of the allowance and the adjustment of the base/floor salary scale as we believe that this present system is the best reflection of the practice of the comparator. We recall that this was a key element in the original design of the allowance itself and we have no evidence from a technical standpoint of any need for change. We are aware that this link has been the subject of discussion and expressions of concern in the Fifth Committee and elsewhere, but we have not heard any explanation of why this link is wrong other than the perception that, as a result of the link, the levels of the allowance are too high. Such comments are perceptions but they are not borne out by the data. We therefore remain unconvinced of any need to change the current arrangements. If there is another objective to be met as a result of delinking the allowance from the base/floor, we would like to know what that is, as for CCAQ, it is essential to have an appropriate adjustment mechanism in place. If that adjustment mechanism is to be other than the base/floor salary scale, then we would be willing to review with you and your secretariat if there are other mechanisms that could in any way match up to the present arrangements and which would not unduly complicate the system.

10. CCAQ would propose that the current link between the levels of hazard pay and the base/floor salary scale should be discontinued as it is of itself not an integral part of the pay package. We would recommend that the levels of hazard pay should be reviewed on a regular two-year basis.

Mr. Chairman, given the length of this statement, we have arranged for copies to be distributed to you and to members of the Commission. Because of the complexity of the matter, I have tried to be as succinct as possible at this stage. As the debate continues, perhaps you will allow my colleagues and I to intervene as each of the different elements come to be discussed in greater detail, in order that we can expand and develop the views that are put forward here in summary form.

CCAQ STATEMENT: APPOINTMENTS OF LIMITED DURATION
(ICSC/43/R.15)

Mr. Chairman,

On many occasions, CCAQ has said that the organizational landscape had dramatically changed, that the human resource requirements of the organizations had significantly evolved and that the requirements of the organizations were increasingly diverse given their different mandates, structures and programmes. We therefore welcome the opportunity to start to look at different contractual arrangements.

In view of the priorities and the time constraints this year, we may have to limit ourselves at this stage to a preliminary discussion which will serve as an introduction to the subject. In order to advance our work, CCAQ would welcome the establishment of a working group comprised of the ICSC secretariat and representatives of member organizations which should provide substantive input to the Commission's future consideration of the issue at its forty-fifth session.

Organizations' missions, strategies, structures and environments directly affect the demands placed on their human resources systems. The human resource requirements of the organizations have significantly evolved over time in response to their programme needs. Many organizations' diverse and changing programme requirements have created pressures which have led them to seek more flexible frameworks for employment relationships. Different facets of those relationships must therefore be addressed: these include the status of this new workforce, coverage under the Convention of Privileges and Immunity and the provision of UN Laissez-Passers, obligations under headquarters' agreements, social security coverage, the level of salaries and benefits, etc.

At the same time, there are a number of conceptual questions related to this subject, in particular the implications for the protection of the international civil service which will need to be explored in depth when we return to this matter.

SUPPLEMENTARY STATEMENT ON SPECIAL OCCUPATIONAL RATES

Mr. Chairman,

You will recall, Mr. Chairman, the somewhat checkered history of the discussion of special occupational rates in the Commission over the years. Some organizations have expressed interest in introducing the concept of special occupational rates, others have stated categorically that they would be quite unwilling to consider the introduction of such rates because inter alia they would be disruptive for programme management. Some have preferred and still continue to prefer rates that would apply to a whole agency - not unlike the rates that have been developed in some agencies in the comparator country of which we have heard so much in connection with the reduction of dominance.

Some years have passed since we first spoke of this issue and we are also wondering whether it is not a little bit outdated. It is clear that in the comparator civil service there is increasing discussion in public administration circles about more flexible grading and pay systems. Only recently, for example, we read a report by the US National Academy of Public Administration which has put forward some very radical proposals in terms of the management of the US federal government agencies. These include the development of broad banding as an option to the current system which inter alia would (i) abolish grade level definitions and (ii) provide discretionary authority to set pay at any rate within large bands. We can provide further information on these ideas should you so wish. I would emphasize that they are of course at this stage suggestions which are being put forward for the better use of resources, improvements in effectiveness and decreases in the federal government bureaucracy. They have not been approved by the federal government as yet. They are particularly interesting, however, to the extent that a high-level academic and technical body is putting them forward with a view to moving the US federal government bureaucracy away from systems such as special occupational rates whilst we are still talking about their possible introduction in the common system.

Let me go back, however, to the question of special occupational rates themselves.

One of the difficulties that the organizations have always had, and which is reflected in the views that they have expressed in the Commission in recent years, reflects the very different structures, programmes and occupational configurations of each of the different agencies of our UN system.

If there is one leitmotiv to this session it must be that of the diversity of our system. You have heard us speak at length about this in connection with the operation of the mobility and hardship allowance.

For some agencies, the thought of differentiating between staff members currently paid at exactly the same rates by virtue of the occupational classification of the post they occupy is wholly unacceptable. In so many of our agencies, posts are multifaceted and it is quite conceivable that a staff member might move to a post which qualified for an occupational rate and then move out of that post to a managerial or other position in the course of a career. This would be quite unacceptable. Moreover, this phenomenon will become more marked in the organizations which are currently downsizing and which will be dependent upon an even more multi-skilled, flexible workplace.

Similarly, there is the concern for discrimination by nationality. The international

civil service is not like a national civil service in several respects. The most notable of which is most probably the importance of geographical balance among the staff of the United Nations system. Occupational rates are usually designed to provide extra pay to those who are in occupations which in the outside national market are significantly higher paid than the national civil service. To which outside market should the United Nations system refer if it is to create occupational rates? Is it merely reflecting that some occupations in some countries are significantly higher paid than the common system? Does this mean a move towards some element of pay being based on nationality? Any such move, as Noblemaire himself pointed out, would be intolerable.

On the other hand, the UN compensation system continues to be inadequate insofar as it does not allow the very technical agencies to compete with the labour market from which they recruit their staff. How are we to get out of this dilemma? Would not the best approach be to seek first the full restoration of the overall competitiveness of the system in the global market and to see then if any additional differentials such as occupational rates are still necessary? A logical approach indeed...