



Committee of Staff Representatives  
of the Co-ordinated Organisations

# Review

No. 5 June 2016



The purpose of this newsletter is to keep the Chairs of the Staff Association and AAPOCAD informed of the dossiers being discussed in the Co-ordination process and of the CRP's position with regard to those dossiers. For further information we recommend that they consult their representative.

This newsletter will be published after every Co-ordination meeting, and will also be used to inform you of the agendas for meetings throughout the year.

Please do not hesitate to send us any suggestions you may have on how we can improve this newsletter to the best of our ability.

*Exceptionally this newsletter includes discussions from the March and June 2016 meetings.*

## CO-ORDINATION MEETINGS IN MARCH 2016

The representatives of Member countries (CCR), of the Secretaries- and Directors-General (CRSG), and your staff representatives (CRP) met on 1, 2 and 3 March 2016 to discuss the following items:

1. **Revision of the salary adjustment method**
2. **Basic family allowance**
3. **Dependent child supplement**
4. **Supplements for disabled or severely disabled child**
5. **Supplement for disabled and dependent parent**
6. **Adjustment method for family-related allowances**
7. **Salary structure: extension of the number of steps in the A1 grade**
8. **2015 Activity Report by the CCR Chairman**
9. **Forthcoming meetings**

### 1. Revision of the salary adjustment method

No consensus was achieved at the meeting. The CRP reiterated its attachment to a mathematical, objective and verifiable method. It also recalled the importance of purchasing power parities (PPP) and its opposition to any moderation clause that would be applicable by the CCR ahead of the recommendation submitted to our respective Governing bodies and that would be in addition to the existing affordability clause.

2. **Basic family allowance**
3. **Dependent child supplement**
4. **Supplements for disabled or severely disabled child**
5. **Supplement for disabled and dependent parent**

The CRP submitted its comments on the basic family allowance, the supplements, and the adjustment method for these benefits (see the Annex of this Review). The CCR decided to approve the Reports on

these benefits through a tacit acceptance procedure by 17 March 2016 in order to give the delegates time to consult their capitals.

## **6. Adjustment method for family-related allowances**

The CRP highlighted the fact that one of the key aspects of the reform of family-related allowances is that it will not affect officials currently in service. However, the CRSG put forward a proposal designed to simplify the management of these allowances by applying the new adjustment method to all staff. The CRP insisted that, faced with a proposal which could only ever be endorsed by the CCR, these adjustments should not be carried out every two years but on an annual basis. The Chairman of the CCR stated that his Committee was able to support the proposal of an annual adjustment. The CCR agreed to approve the Report on the adjustment procedure for allowances through a tacit acceptance procedure by 17 March 2016.

By way of information, this reform will generate savings of EUR 58 350 000 over 10 years across all the Co-ordinated Organisations.

## **7. Salary structure: extension of the number of steps in the A1 grade**

The CRSG presented a proposal which will generate savings, even if, as it stated, *“this is not the main objective”*. So, just like the CCR, saving money is in no way the aim...

The CRP is aware that the sole motive behind this proposal is to save money by recruiting at a lower level. It is also wondering how some Organisations will manage using the current A1 grade for young professionals.

## **8. 2015 Activity report by the CCR Chairman**

The Chairman noted that the report did not give rise to any comments from the three Committees. It will be sent to the Governing bodies of the Co-ordinated Organisations.

## **9. Forthcoming meetings**

7, 8 and 9 June at the Headquarters of the ESA (Paris).

## CO-ORDINATION MEETINGS IN JUNE 2016

The representatives of Member countries (CCR), of the Secretaries- and Directors-General (CRSG), and your staff representatives (CRP) met on 7, 8 and 9 June 2016 to discuss the following items:

1. **Revision of the salary adjustment method**
2. **Salary structure: extension of the number of steps in the A1 grade (243<sup>rd</sup> Report)**
3. **Revision of the Regulations concerning the Co-ordination System (154th Report)**
4. **Review of the pension scheme at 31 December 2015**
5. **Annual adjustment of remuneration for officials of the Co-ordinated Organisations at 1 January 2017 (provisional figures)**
6. **Forthcoming meetings**

### 1. Revision of the salary adjustment method

On the first day of the meeting, no new documents were presented. On the second day, the Chairman of the CCR presented the different points concerning the method on which there was an emerging consensus between the countries, but specified that the CCR wished to introduce a salary moderation clause (in addition to the affordability clause) with the following threshold trigger and cap on the reference index:

- If at least two of the eight reference countries have a negative index (average change in salaries below the value of 100), the overall reference index cannot exceed the value of 100.
- If the overall reference index increases by over 2%, it is capped at 2%.

The CRP informed the CCR that this new clause was unacceptable as it would doubly penalise staff, in that the clause could first be implemented at the level of the Co-ordinated system, after which the Governing bodies of each Organisation could then decide to apply the affordability clause.

In addition, the proposal by the CCR demonstrates the latter's inconsistency. The CCR wanted to review all the allowances in terms of their parallelism with the eight civil services. Although the adoption of a salary moderation clause would undermine this parallelism, some delegates contended that there were several ways of defining parallelism ... !

The timetable is tight. For the new method to come into force on 1 January 2017, it needs to be adopted before 30 September to give the ISRP time to calculate the salary adjustment. Otherwise, the current method will be extended for two years.

After several meetings with the CRSG, the latter presented a compromise proposal, i.e.:

- Adopt a method for 4 years + 1 year + 1 year.
- Retain the main principles of the current method by ensuring that, as the Chairman of the CCR outlined in his proposals, high-inflation countries are better taken into account.
- Avoid specific reference to the moderation clause but, in the introduction to the report, refer to a clause which would take into account countries' concerns along with an undertaking by the CRSG to present a draft version of this clause in June 2017 at the latest for application on 1 January 2018.

A CCR videoconference is scheduled July 5 and depending on the outcome of this meeting, the extraordinary session on 11 and 12 July (OECD, Paris) will take place in order to adopt a new method for four years. If no agreement is reached, the current method will be renewed for another 4 years.

## **2. Salary structure: extension of the number of steps in the A1 grade (243<sup>rd</sup> Report)**

The CCR endorsed the CRSG's proposal. The report on the extension of the number of steps in the A1 grade has been approved. The text now has to be presented to the Governing bodies of the Co-ordinated Organisations.

The CRP considers that the CRSG's proposal to increase the number of steps in the A1 grade does not address the issues affecting the Co-ordinated Organisations and renders meaningless the notion of inexperienced "young professional". In addition, the CRP fears that this proposal will encourage the Organisations to recruit at grade A1 staff who would have previously been recruited at the grade A2 level, and to maintain for many years at grade A1 officials who would have been promoted to grade A2 under the current system.

## **3. Revision of the Regulations concerning the Co-ordination System (154<sup>th</sup> Report)**

The revision of family-related allowances resulted in amendment of the 154<sup>th</sup> Report to incorporate the new allowances:

- Basic family allowance
- Dependent child supplement
- Supplements for disabled or severely disabled child
- Supplement for disabled and dependent parent

The CRSG and the CRP took advantage of this update to revise Articles 3 and 4, which define their composition, with a view to aligning the text and the way in which they actually operate.

The CRP pointed out to the CCR that there was no reference to the legal advisor in Article 2 d) related to its Vice-Chairman.

The Report has been approved.

## **4. Review of the pension scheme at 31 December 2015**

The sound management of the pension scheme was demonstrated to us in a presentation of the scheme by the ISRP.

## **5. Annual adjustment of remuneration for officials of the Co-ordinated Organisations at 1 January 2017 (forecast figures)**

The ISRP was not able to provide us with figures due to the fact that they are still waiting to receive information from some countries.

## **6. Forthcoming meetings**

If an agreement is reached regarding the CRSG's proposal on the salary adjustment method, the extraordinary session on 11-12 July will be maintained. In the absence of an agreement, the next meetings will take place at the headquarters of the OECD in Paris on 28, 29 and 30 September.

## **ANNEX**

### **POSITION OF THE CRP ON THE BASIC FAMILY ALLOWANCE, ITS SUPPLEMENTS AND THEIR ADJUSTMENT METHOD**

#### **BASIC FAMILY ALLOWANCE CRP/P(2016)01**

The CRP has restated its opposition to the scrapping of the current household allowance time and time again. It cannot accept the replacement of the household allowance with the basic family allowance (BFA), given the extent of the changes involved in terms of not only the amount but also the qualification criteria and the very basis for the compensation granted. The CRP is particularly disappointed that the BFA is restricted to consideration of an official's marital status, to the exclusion of the circumstances of the family as a whole (single-parent families, for example). In fact, the BFA is nothing more than an allowance for a dependent spouse and should be so called.

The CRP must also restate its opposition to the reduction in the spouse's revenue threshold, and would like to take this opportunity to recall the general principle of the international civil service under which family allowances are designed to restore a kind of equality between officials in terms of family expenses. In this light, the CRP feels that setting the spouse's revenue threshold at 50% of the basic pay of a C1/1 grade official is tantamount to robbing this principle of its meaning. As a reminder, the current revenue threshold corresponds to 100 % of the basic pay of a B3/1 grade official.

The CRP is also firmly opposed to the newly introduced tapered reduction in allowances, which is neither justified nor logical. The CRP considers that family allowances should be paid without being suspended or reduced for such time as the criteria entitling the official to the allowance are fulfilled.

Last, the CRP is most concerned at the micromanagement demonstrated by the CCR throughout the talks, which betrays a certain lack of confidence in the ability and intention of the Administrations of the Co-ordinated Organisations to apply the texts resulting from its recommendations in good faith.

#### **DEPENDENT CHILD ALLOWANCE CRP/P(2016)02**

The CRP considers the dependent child allowance to be an important component of the remuneration of officials of the Co-ordinated Organisations. The decision to reduce the age limit on the dependent child allowance (from 26 to 22) does not reflect current social reality, in particular the fact that increasingly long and complex studies are required in order to find a job in companies where target candidates tend to be overqualified young people. For the CRP, the lower age limit is both unacceptable and incomprehensible, seemingly guided by the sole desire to cut costs and with no consideration of the realities of the modern day world.

In any case, under no circumstances should the age limit be reduced to less than 24 years for children who are regularly enrolled in full-time, post-secondary education (French Licence-Master-Doctorat degree scheme under the Bologna process, or an equivalent diploma).

This reform of the dependent child allowance significantly reduces the attractiveness of the Co-ordinated Organisations, as officials serving within them generally encourage their children to pursue lengthy university studies.

### **SUPPLEMENT FOR DISABLED OR SEVERELY DISABLED CHILD CRP/P(2016)03**

The CRP considers that the supplement for a disabled or severely disabled child is important as it provides support for officials in difficult situations. The CRP welcomes the forward thinking decision to acknowledge severe disability and the cost of its treatment through an increased allowance.

That said, the CRP would like to place this new development within the context of the replacement of the current household allowance by a basic family allowance governed by far more restrictive conditions. Accordingly, future officials with a severely disabled child will not receive total allowances exceeding those of serving officials in the same situation unless they meet the eligibility criteria for the basic family allowance.

### **SUPPLEMENT FOR DISABLED AND DEPENDENT PARENT CRP/P(2016)04**

Firstly, the CRP is surprised by the CRSG's statement that *"a preliminary review of the Dependant's Allowance ... has shown that, in light of the current political, social and economic environment, this allowance no longer seems justified in its current form"*. It seems fairer to say that the scope of social assistance is tending to narrow in the current socio-economic environment, which will inevitably lead to the further impoverishment of this category of pensioner in several countries.

Secondly, the CRP is opposed to the decision to remove parents-in-law from the scope of the new supplement for disabled and dependent parent. This move goes against the congruence sought by the CCR insofar as legislation in most reference countries sets out an obligation to provide financial assistance to one's parents-in-law should they find themselves in need.

Lastly, the CRP regrets the introduction of a large number of eligibility criteria, such as the medical condition and age of the dependant, as they will result in officials being deprived of the allowance despite the significant financial burden they bear due to their dependent parent.

## **FAMILY-RELATED ALLOWANCES/SUPPLEMENTS ADJUSTMENT METHOD CRP/P(2016)05**

From the very time discussions first began on this dossier, the CRP considered it illogical to have more than one adjustment method for the various components of the remuneration of officials of the Co-ordinated Organisations. It is for this reason that the CRP is in favour of continuing to apply the salary adjustment method to the other components of remuneration such as family-related allowances.

The CRP defended this stance in the past when the CRSG proposed to the CCR that the adjustment be based on annual changes in the consumer price index. The CRP is now even more adamantly opposed to the use of a method which:

- needlessly complicates the remuneration system;
- is inconsistent with the choice made of salary adjustment method (among other things for the failure to take tax into account);
- is based on indicators derived from reference countries whose robustness remains unproven and which would require a complete overhaul of the method in the event of a major change in said countries;
- would needlessly add to the ISRP's workload.

Consequently, the CRP feels that the method proposed by the CRSG, and accepted by the CCR, provides absolutely no added value compared to the current method.

Lastly, the CRP is firmly opposed to applying the new family-related allowances adjustment method to serving officials, as this decision contravenes the agreement reached during talks in November 2013 with regard to the populations covered by the reform.

For all of these reasons, the CRP requests that the current family-related allowances adjustment method be maintained for both serving officials and officials taking up their duties after 1 January 2017.

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CRP's representatives

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