

STAFF UNION BULLETIN

BULLETIN DU SYNDICAT

BOLETIN DEL SINDICATO



6 June 2003

PENSIONS

Summary notes - meeting 6 June 2003

Responding to a call from Participants' representatives and Staff Associations and Unions of Geneva-based UN Organizations, supported by FICSA and CCISUA, an important meeting bringing together numerous participants and beneficiaries of the UNJSPF – including a strong delegation from the International Training Centre of the ILO in Turin – was held at the headquarters of the ILO on Friday 6 June 2003. The Secretary of the Board, Mr. Bernard Cochemé, accompanied by Mr. John Dietz, Deputy Secretary, and Mr. Gilbert Ferrari, Head of the Geneva Office, had accepted the invitation to take an active part in this meeting.

The agenda was as follows:

- Attempts by the UN General Assembly to misuse its powers concerning the utilization of accumulated contributions;
- The future of the Fund: Financing, benefits, retirement age, membership, management.

An appeal by Participants' representatives and Staff Associations and Unions of Geneva-based UN Organizations to all participants and beneficiaries of the UNJSPF (ILO Staff Union Bulletin N° 1303, 3 June 2003) had been widely disseminated among staff. Recalling the reasons leading to the calling of the meeting, the Chair of the ILO Staff Union Committee, who is also Participants' representative on the ILO Staff Pensions Committee, emphasized that these were not attributable to the Fund's Secretariat, but to the 5th Committee of the General Assembly and to Member States there represented. He noted the meeting was also nonetheless intended to show the Secretary of the Fund, if need be, that Participants' representatives were not cut off or isolated from their constituencies, whose active support had in the past allowed some attacks to be counteracted and some successes achieved.

The danger of the precedent thus created by the UN General Assembly abusing its prerogatives without grounds or proper justification is real. The staff, present in numbers at this meeting, was well aware of this. In addition to the legal analysis of the situation created through the adoption of Resolution 57/286, on which Participants' representatives and Staff Associations and Unions were informed of a legal opinion prepared by the Counsel of the ILO

Staff Union, staff will with customary determination support their representatives on the meeting of the Standing Committee of the UNJSPF Board to be held in New York in July 2003. Staff also stand ready if called on to act on the occasion of the 58th session of the UN General Assembly due to open on Tuesday 16 September 2003.

The Fund's secretary briefly recapitulated the complex decision-making process used in relation to decisions already made by the Board. He showed how necessary is a constant dialogue between accredited representatives of the Board, in particular those appointed by the General Assembly, and members of the 5th Committee. He suggested that perhaps the negative reaction of the 5th Committee to decisions of the Board to make slight improvements in benefits might arise from a dual misunderstanding: both about the role of oversight of a social security body, and the fact that the financial situation of a pension fund must necessarily be assessed over the long rather than the short term. He confirmed that these questions would be opened for in-depth discussion during the July 2003 session of the standing Committee of the Board.

The Fund's Secretary then reviewed the main parameters of the technical situation. The market value of the Fund's assets, after an all-time maximum slightly above US\$25 billion in 1999-2000, resisted stock exchange fluctuations satisfactorily, and is again over US\$23 billion. The real rate of return on investments of the Fund is 3.6% over the past 43 years (i.e. since 1960), which is more than the hypothesis in the financial evaluations. The actuarial situation of the Fund has indeed shown positive results in the last three evaluations (1997, 1999, 2001), while the 2003 evaluation is ongoing. The progressive development of the Fund, with an increase in beneficiaries from 37,000 in 1994 to 51,000 in 2002, while the number of contributors increased over the same period from 64,000 to 83,000, means that part of the yield from investment will need to be used to finance benefit payments – which is normal in a funded scheme and had been anticipated, but requires that the investments policy take this lasting phenomenon into account.

The Fund's Secretary stressed that the financial situation was absolutely healthy and strong, and that there was no reason for concern over the future financial sustainability of our Fund, be it in the short, medium or long term.

The Secretary then responded to a number of questions and interventions from participants, which all testified to their commitment towards the pension system, its tripartite management, and the quality of its services, as well as their determination to act not only to safeguard but also to improve the system.

In closing, participants expressed their thanks to the organizers for their initiative, reaffirmed their availability to take any action necessary in response to a call from their Staff Associations and Unions, and agreed to keep in touch to jointly evaluate, in the light of the outcome of the Standing Committee, what actions may need to be considered in relation to the holding of the 58th session of the UN General Assembly.

