Salary Adjustment Methods
Results of Survey

Scientific Organizing Committee (CERN / OECD)

This Session

• Summarize replies received and put them into perspective
• Identify “better practice” (warning: some subjectivity)
• Clarify, correct, improve summary (produce a new one after the conference)

Survey Overview

Over 20 replies received:
– United Nations Common System
– Co-ordinated organizations
– European Union
– European scientific “family”
– European financial “family”
– Others …

Many thanks to all !!!

Q1 – Uniform Application (1)
The salary adjustments are applied uniformly across staff categories

Only three exceptions:
– UN (GS / P&D)
– EUROPOL (???)
– ESO (international / local)

Q1 – Uniform Application (2)

Uniform application better preserves internal equity

Some evidence from the UN Common System:
– increasing GS / P&D overlap in some (mainly HQ) duty stations is becoming problematic
– 2002 differentiated P&D increase was frowned upon by many staff members

Q2 – Periodicity

Salary adjustments are decided yearly

Only two exceptions:
– EFTA Surveillance Authority
– Commonwealth Secretariat

(how do these decide when to do it then?)
**Q3 – Intermediate Adjustment**

Only foreseen in CO, EBRD, EPO, European Commission, UN Common System (P&D staff)

Provides high inflation protection

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**Q4 – Adjustment Components**

- Inflation
  (exceptions: UN, ECB, EFTA Court, WTO)

- Purchasing power of reference institutions
  (exceptions: CS, EFTA-SA, OPCW, Interpol)

Are used very widely in combination with one another; reference institutions are often relevant national civil services

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**Q5 – Non-HQ Duty Stations**

Many organizations have non-HQ duty stations

Few do not: CERN, CS, ECMWF, EFTA-SA, EFTA Court, Europol, OPCW, WTO

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**Q6 – Non-HQ Adjustments**

Many different ways to calculate non-HQ salary adjustments

Sometimes hard to reconcile internal and external social equity

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### HQ Adjustment Parameters

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Q7 – Obligation to Grant?
Statutory obligation in only a few IOs:
EC, ECB (??), EPO, OPCW and WTO

Q8 – What Freedom Exists?
In general, Member States have a lot of freedom to grant whatever they wish
The “affordability clause” of the CO has evolved negatively for staff (it was objective and forced full adjustment even if delayed by a year – now is no longer objective and adjustment can be done away with completely)

Q9 – Challenging Freedom
• ILOAT: mixed bag
  – CERN staff always lost
  – EMBL and ESO staff always won
  – UN staff had mixed results
• CO legal system: no staff success
• Others: mixed staff success

Q10 – Was Freedom Used?
Calculated adjustments were granted in all but a handful of cases:
– CERN before 1999
– ESO before 2001
– OECD in 1998 and partly in 2003
– ESA delayed in 2003
**Q11 – Non-salary Adjustments**

- Family allowances nearly always follow salaries
- Other allowances and indemnities do not exhibit a pattern

**Q14 – Method Changed?**

- Quite a number of changes in the last few years
- Only a few organizations did not change: EC (??), Europol, Interpol, OPCW
- Need more information on changes to see if there is a trend

**Q12 – Salary Level Reviews**

- Salary level comparisons are the norm (ECB, Europol and OPCW are the only exceptions)
- Some organizations do them at regular intervals (often every 5 years), others irregularly
- Nearly all organizations compare with IOs (EC and ESO are the only exceptions)
- Private sector and national civil services are also very often compared with
Q13 – Salary Level Changes

- Salary level reviews have not had an impact in quite a number of organizations
- More data on changes is needed to draw a conclusion

Better Practice (1)

- Yearly adjustments
- Uniform adjustment across staff categories
  >> internal social equity
- Intermediate adjustments (if high inflation)
  to give staff additional protection

Better Practice (2)

- Adjust for inflation and purchasing power in reference institutions (civil services)
  >> some external social equity
- Affordability clauses may be double-edged sword: use with great care

Better Practice (3)

- Salary level reviews
  – done on a regular basis (reduce arbitrariness)
  – to include other IOs (aim at convergence)
but few organizations have adapted their salary levels as a result – need to work on this (may be item for common work)
Conclusion

Sound yearly adjustment basis, but much remains to be done about external equity i.e. with salary level reviews.

Annex 1 – Freedom Used Data

Calculated adjustments were granted in all but a handful of cases:

- CERN before 1999 (ILOAT did not correct any of these)
- ESO before 2001 (but ILOAT corrected these)
- OECD in 1998 and partly in 2003
- ESA delayed in 2003
Annex 2 – Inflation Data

Data is nearly impossible to compare as many differences exist:

- Reference periods
  (e.g. January to January vs. August to August)
- Reference city / area / Land
  (e.g. Munich vs. Bavaria vs. Germany)
- Reference index
  (e.g. HICP vs. CPI vs. RPIX)

INFLATION AT EUROPEAN’S HQ

SALARY ADJUSTMENT IN EUROPEAN I.O
* Two S.A for ESA in 2003 (+1.4% in January and +3.3% in September)