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Salary Adjustment Methods Results of Survey


Scientific Organizing Committee
(CERN / OECD)

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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)

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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 !!!

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Q1 – Uniform Application (1)

The salary adjustments are applied uniformly across staff categories

Only three exceptions:

- UN (GS / P&D)
- EUROPOL (???)
- ESO (international / local)

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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

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Q2 – Periodicity

Salary adjustments are decided yearly

Only two exceptions:

- EFTA Surveillance Authority
- Commonwealth Secretariat

(how do these decide when to do it then ?)

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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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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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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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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	Inflation at HQ	PP in Ref Inst	Other IO	Others: Ref Index, PPP
CO-ORDINATED ORGANISATIONS	X	X		CCR Method
UNITED NATIONS (GS)	X	X		Cost of Labour
UNITED NATIONS (P & D)		X		Post Adjustment
EUROPEAN COMMISSION	X	X		
EUROPEAN CENTRAL BANK (ECB)		X		
EUROPEAN INVESTMENT BANK	X	X		
EBRD	X			Salary Survey
COMMONWEALTH SECRETARIAT	X			
WORLD TRADE ORGANIZATION		X	X	
EFTA SURVEILLANCE AUTHORITY	X			
EFTA COURT		X		
EUROPEAN PATENT OFFICE	X	X	X	
OPCW	X			
INTERPOL	X			
EUROPOL	X	X		EU CoL
CERN	X	X		
EUROPEAN SOUTHERN OBSERVATORY (ESO)	X	X		
EMBL	→	→	CO	

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Non HQ Adjustment Parameters	HQ %	Local Inflation	Local PPP	Other IO	Others
COUNCIL OF EUROPE (COE)		X	X	UN	Ref Index
EUROPEAN SPACE AGENCY (ESA)		X	X		
OECD / OCDE		X	X		Ref Index
NATO		X			
WESTERN EUROPE UNION (WEU)	X	X			
UNITED NATIONS (GS)		X			Mini Surveys
UNITED NATIONS (P & D)	X				
EUROPEAN COMMISSION	X	X	X		
EUROPEAN CENTRAL BANK (ECB)			X		
EUROPEAN INVESTMENT BANK	X				Local CoL
EBRD		X			Salary survey
EUROPEAN PATENT OFFICE			X	X	
INTERPOL	X			X	
EUROPOL	X			X	
EMBL			X	CO	
EUROPEAN SOUTHERN OBSERVATORY (ESO)	X		X		

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Q7 – Obligation to Grant ?

Statutory obligation in only a few IOs:

EC, ECB (??), EPO, OPCW and WTO

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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

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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)

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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

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Adjustment Freedom	DISCRETION				Constrained	
	Total	A lot	Much	Some		
COUNCIL OF EUROPE (CoE)		X			Affordability Clause	
EUROPEAN SPACE AGENCY (ESA)						X
ECMWF			X			
NATO		X				
OECD / OCDE				X		
WESTERN EUROPE UNION (WEU)	X					
UNITED NATIONS (GS)						X
UNITED NATIONS (P & D)	X					
EUROPEAN CENTRAL BANK (ECB)	X					
COMMONWEALTH SECRETARIAT	X					
EBRD	X					
EFTA COURT				X		
EFTA SURVEILLANCE AUTHORITY			X			
INTERPOL	X					
EUROPOL	X					
ESO				X		
CERN	X					
EMBL	X					

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Legal Appeals	Success		
	Full	Some	None
EUROPEAN SPACE AGENCY (ESA)			X
OECD / OCDE			X
UNITED NATIONS (GS)	Case by case		
UNITED NATIONS (P & D)	2002 not known yet		
EUROPEAN CENTRAL BANK (ECB)		X	
WORLD TRADE ORGANIZATION	X		
COMMONWEALTH SECRETARIAT		X	
EFTA SURVEILLANCE AUTHORITY		X	
CERN			X
EMBL	X		
EUROPEAN SOUTHERN OBSERVATORY (ESO)	X		

Q11 – Non-salary Adjustments

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

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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

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Adjusted Allowances	Family	Housing	Hardship	Education	Others
COUNCIL OF EUROPE (COE)	X				Expat/Instal
EUROPEAN SPACE AGENCY (ESA)	X	X			
ECHWF	X	X	X	X	Expat
NATO / OTAN	X			X	Expat
OECD / OCDE	X				Expat/Instal
WESTERN EUROPE UNION (WEU)	X	X		X	Expat/Instal
UNITED NATIONS (GS)	X				Language
UNITED NATIONS (P & D)			X		
EUROPEAN COMMISSION	X	X	X	X	
EUROPEAN CENTRAL BANK (ECB)	X	X		X	
EUROPEAN INVESTMENT BANK	X			X	

Adjustment Method Changed	In
CO-ORDONATED ORGANISATIONS	2003
UNITED NATIONS (GS)	2003
UNITED NATIONS (P & D)	2003
EUROPEAN CENTRAL BANK	2005
EUROPEAN INVESTMENT BANK	X
WORLD TRADE ORGANIZATION	2004
COMMONWEALTH SECRETARIAT	2004
EBRD	1998
EFTA SURVEILLANCE AUTHORITY	2002
EFTA COURT	2003
EUROPEAN PATENT OFFICE	2002
EMBL	1995
EUROPEAN SOUTHERN OBSERVATORY	2001
CERN	2001

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Adjusted Allowances	Family	Housing	Hardship	Education	Others
EBRD			X		
EFTA SURVEILLANCE AUTHORITY	X	X			
EFTA COURT	X	X			Installation
WORLD TRADE ORGANIZATION	X				
EUROPEAN PATENT OFFICE	X	X		X	
OPCW		X			
INTERPOL					Expat
EUROPOL	X	X		X	
CERN					Non Resid
EMBL	X				Instal
ESO	X				

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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

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Salary Level Reviews	Comparators					Interval	
	IOs	Private Sector	National Civil Services	NGO	Other	Irregular	Every # Year
CO-ORDONATED ORGANISATIONS	X	X	X				1 / 4
UNITED NATIONS (GS)	X	X	X				5
UNITED NATIONS (P & D)	X						5
EUROPEAN COMMISSION			X			X	
EUROPEAN INVESTMENT BANK	X	X				X	
COMMONWEALTH SECRETARIAT	X	X	X	X	X	X	
EBRD	X	X					1
EFTA SURVEILLANCE AUTHORITY	X					X	
EFTA COURT	X		X			X	
WORLD TRADE ORGANIZATION	X					X	
EUROPEAN PATENT OFFICE	X					X	
INTERPOL	X	X				X	
CERN	X	X	X				5
EMBL	X		X	X			5 / 7
ESO		X					5

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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

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Salary Level Review Impact	None	Yes
CO-ORDINATED ORGANISATIONS	X	CoE
UNITED NATIONS (GS)		X
UNITED NATIONS (P & D)	X	
EUROPEAN COMMISSION	X	
EUROPEAN CENTRAL BANK		
EUROPEAN INVESTMENT BANK	X	
WORLD TRADE ORGANIZATION		X
COMMONWEALTH SECRETARIAT		X
EBRD		X
EFTA SURVEILLANCE AUTHORITY	X	
EFTA COURT		X
EUROPEAN PATENT OFFICE		X
INTERPOL		X
EUROPOL	X	
EUROPEAN SOUTHERN OBSERVATORY	X	
EMBL-HEIDELBERG	X	
CERN		X

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Better Practice (1)

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

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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

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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)

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Conclusion

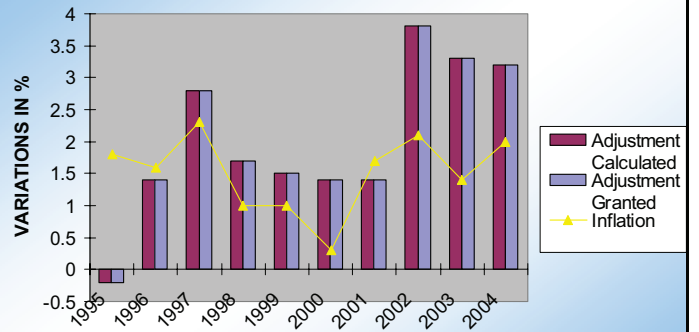
Sound yearly adjustment basis, but much remains to be done about external equity i.e. with salary level reviews

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CoE 1995/2004



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Annex 1 – Freedom Used Data

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

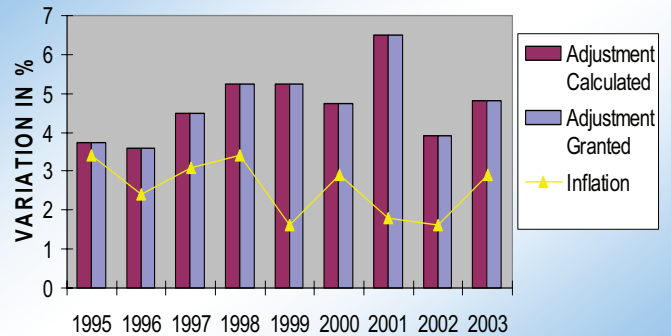
- CERN before 1999 (ILOAT did not correct any of these)
- ESO before 2001 (but ILOAT corrected these)
- OECD in 1998 and partly in 2003
- ESA delayed in 2003

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EBRD 1995/2003

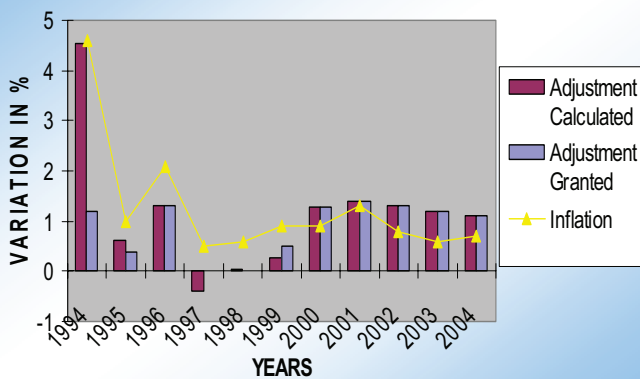


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CERN 1994/2004

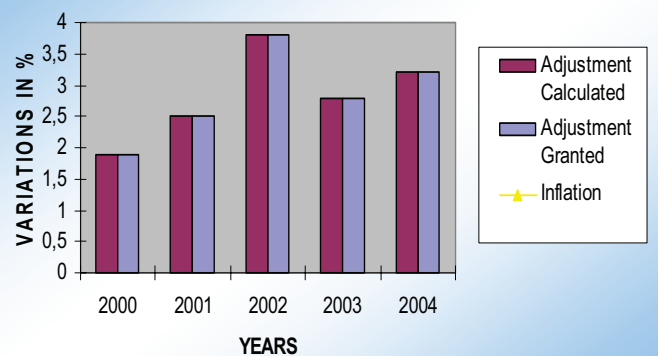


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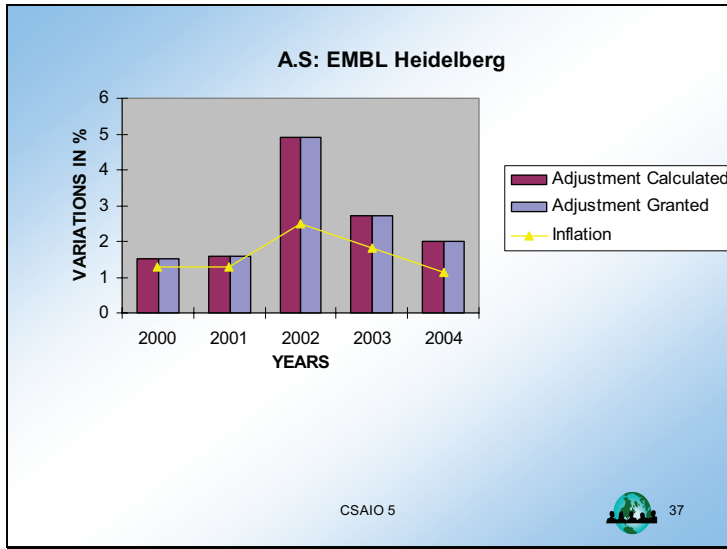
S.A : ECB 2000/2004



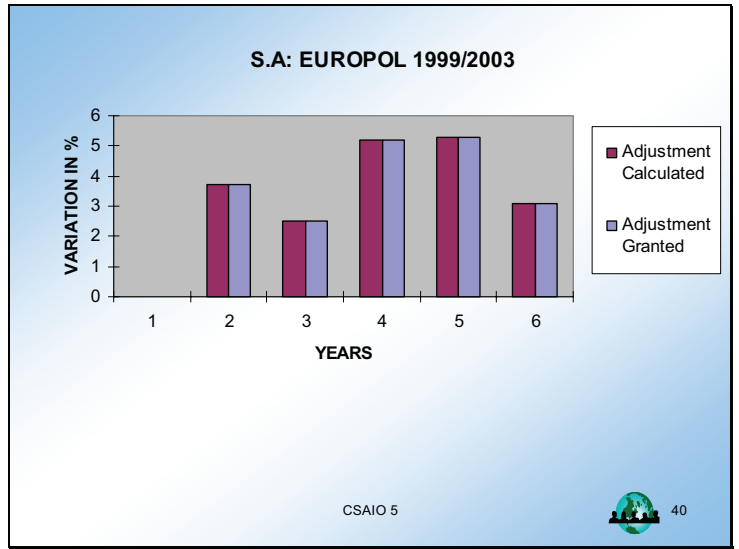
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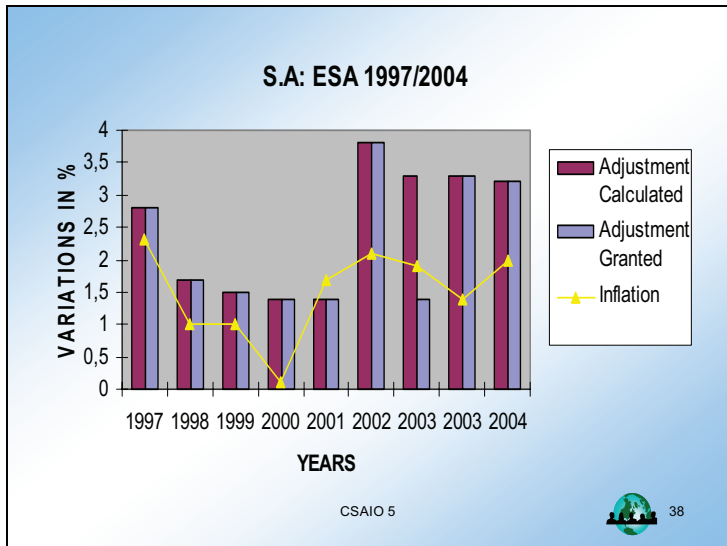
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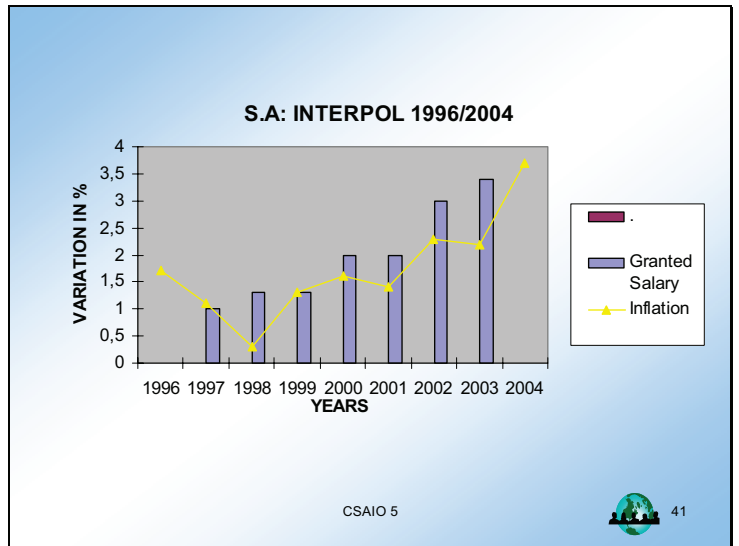
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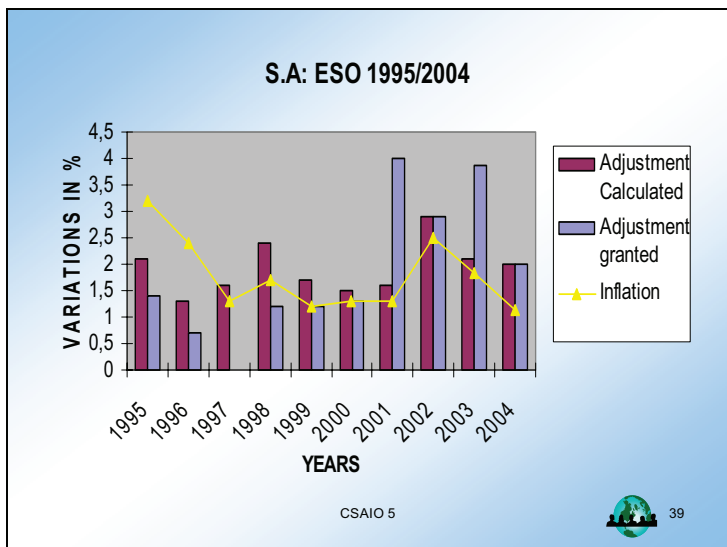
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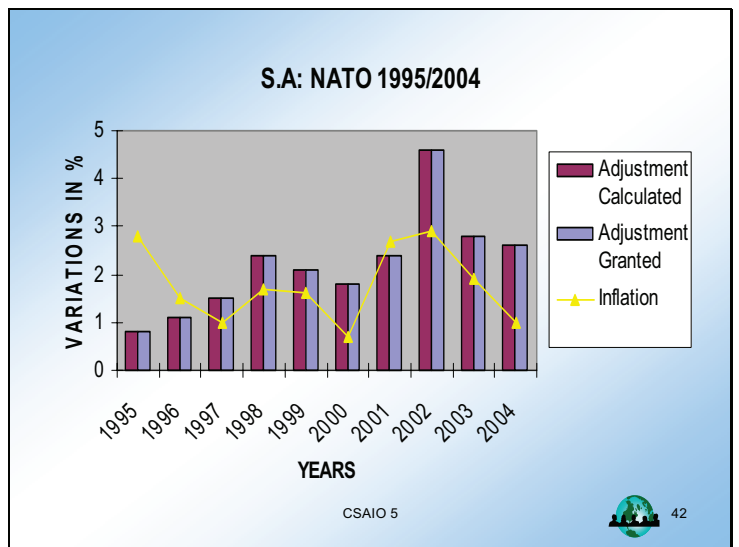
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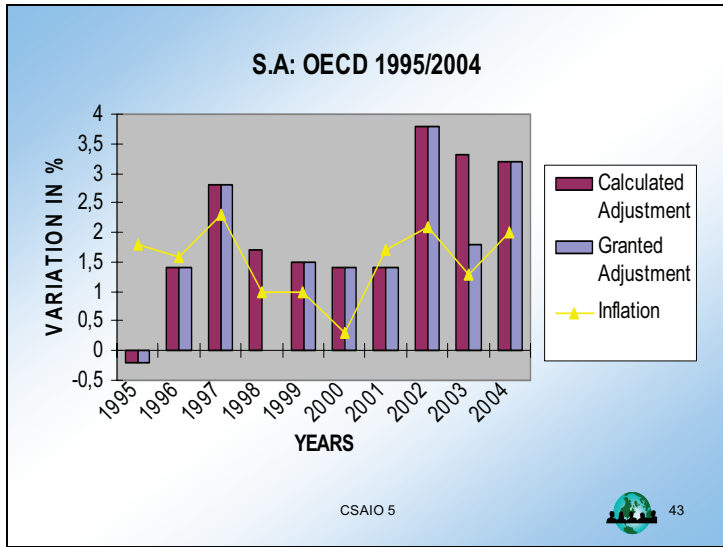
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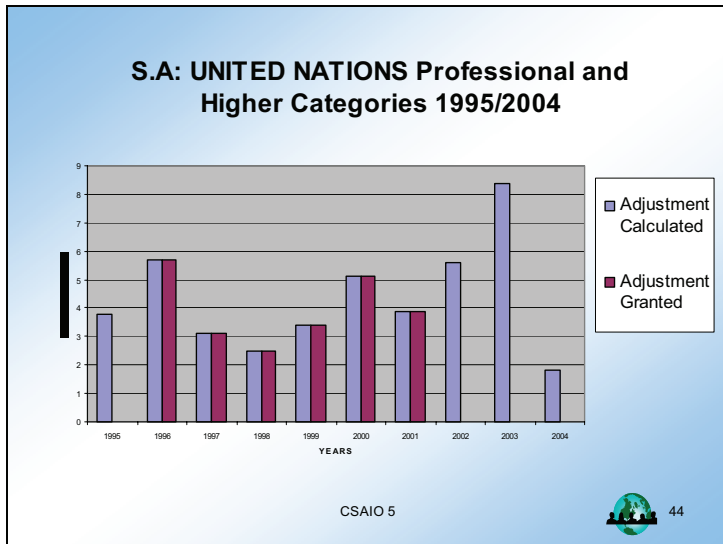
Annex 2 – Inflation Data

Data is nearly impossible to compare as many differences exist:

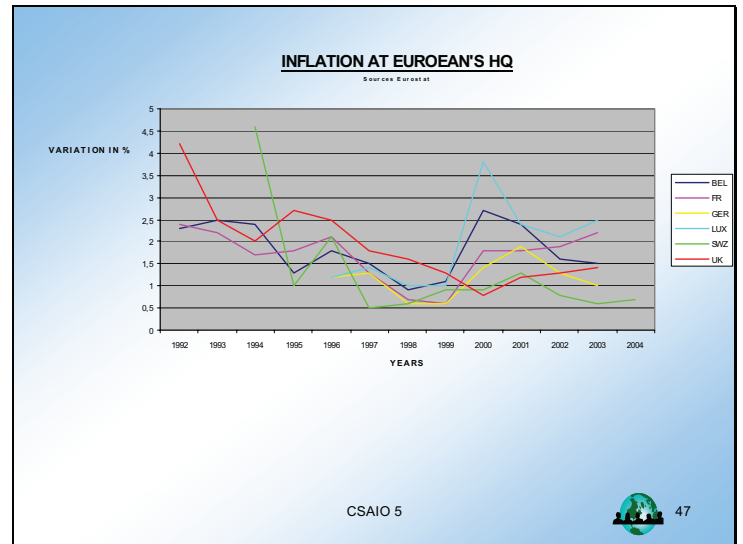
- Reference periods
(e.g. January to January vs. August to August)
- Reference city / area / Land
(e.g. Munich vs. Bavaria vs. Germany)
- Reference index
(e.g. HICP vs. CPI vs. RPIX)

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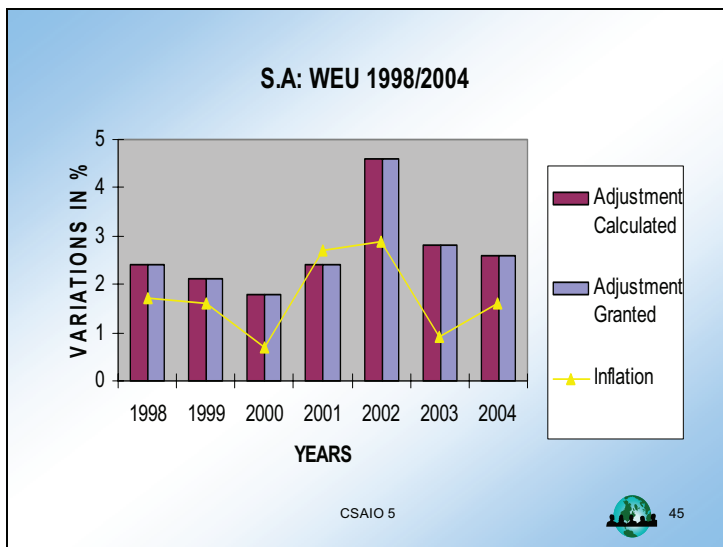
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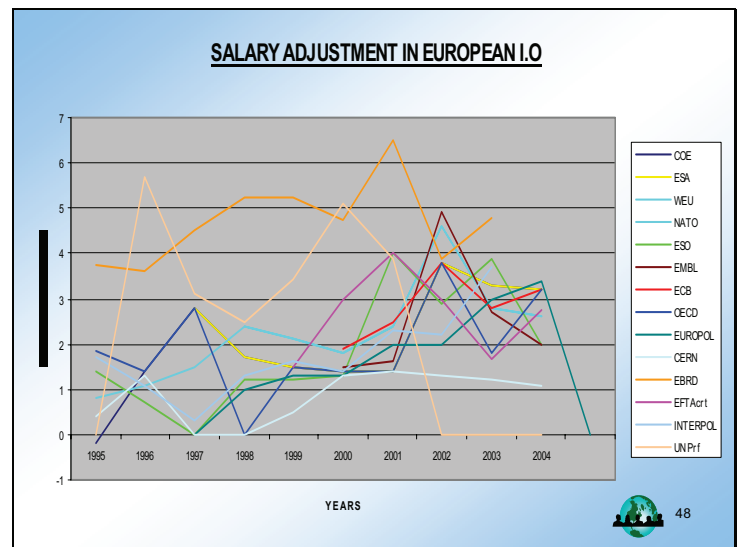
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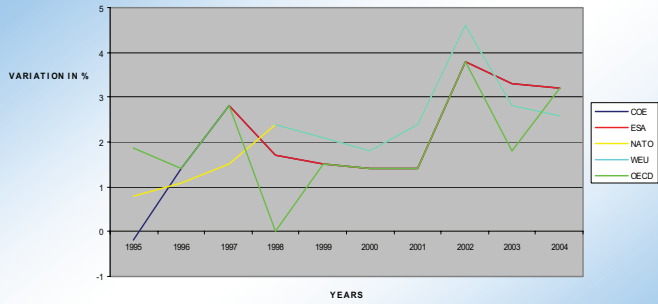


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SALARY ADJUSTMENT IN COORDONATED ORGANIZATIONS



* -Two S.A for ESA in 2003 (+1.4% in january and +3.3% in september)

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