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REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION

PROGRAMME BUDGET FOR THE BIENNIUM 1980-1981

Administrative and financial implications of recommendations
contained in the report of the International Civil Service
Commission

Sixteenth report of the Advisory Committee on
Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General (A/C.5/35/39) on the administrative and financial implications of recommendations contained in the report of the International Civil Service Commission (ICSC) to the General Assembly at its current session. 1/

2. The Advisory Committee notes from the Secretary-General's statement that the ICSC recommendations which have financial implications relate to the following areas:

- (a) Consolidation of post adjustment into base salary (chap. IV, sect. A.3, paras. 94-105).
- (b) Proposed increase in the maximum of education grant (chap. IV, sect. D, paras. 149-158);
- (c) Classification of duty stations according to living and working conditions (chap. VI, sect. A, paras. 215-228).

1/ Official Records of the General Assembly, Thirty-fifth Session, Supplement No. 30 (A/35/30 and Corr.1 and 2).

- (d) Salary scales of staff in the General Service, Manual Workers and Security Service in New York (chap. V, sect. C, paras. 186-203).
- (e) Salary scales of staff in the General Service category in Geneva (chap. V, sect. A, paras. 162-177).

3. The estimates provided by the Secretary-General in document A/C.5/35/39 relate only to the first two items referred to in the preceding paragraph and are summarized in paragraph 8 of the document.

4. With regard to item (c) in paragraph 2 above, the Secretary-General states that, although the classification of duty stations according to conditions of work has not yet been worked out by ICSC, his analysis for costing purposes "shows that the number of United Nations staff likely to benefit from the new measures proposed is such as to make the financial implications very minimal" (para. 7). As for the revised salary scales of staff in the General Service category in New York and Geneva referred to under items (d) and (e), the Secretary-General intends to deal with the financial implications thereof in the context of his first performance report on the programme budget for 1980-1981 (para. 3).

5. The Advisory Committee notes the statement in paragraph 4 of A/C.5/35/39 that

"The proposals of the Commission regarding the strengthening of the cost-of-living section of its secretariat, outlined in chapter VIII, section B, of its report, have been examined and are not being endorsed by the Administrative Committee on Co-ordination. Therefore all possibilities will be explored to bring and keep cost-of-living work up to date within the current appropriations."

The proposals in question are discussed in paragraphs 315-321 of the Commission's report. In paragraph 322 the Commission states that it 'decided that a request for minimal resources as outlined in paragraph 322 of its report should be submitted to the General Assembly at its thirty-fifth session'. In this connexion, it should be recalled that paragraph 2 of article 21 of the Statute of the Commission (General Assembly resolution 3357 (XXIX) of 18 December 1974) provides that

'The budget of the Commission shall be included in the regular budget of the United Nations. The budget estimates shall be established by the Secretary-General, after consultation with the Administrative Committee on Co-ordination, on the basis of proposals by the Commission.'

(a) Consolidation of post adjustment into base salary

6. The ICSC recommendation calls for the consolidation of 30 points of post adjustment (about five classes) into base salary effective 1 January 1981. The purpose is to obtain a more balanced proportion between base salary and total remuneration and between pensionable remuneration and gross salary while ensuring that there is "no gain - no loss" to the staff. In the process it is also necessary to revise the rates of staff assessment downwards in order to avoid an

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unjustified increase in the levels of pensionable remuneration. Consequently, the Commission has worked out and is submitting to the General Assembly revised scales of base salaries (net and gross), post adjustment, staff assessment and pensionable remuneration.

7. In paragraph 5 of document A/C.5/35/39, the Secretary-General estimates that the consolidation of 30 points of post adjustment into the base salary would involve approximately \$210,000 in non-recurring gains to the staff of the United Nations in 1981, as a result of "rounding" and of the revision of the scale of staff assessment. The Advisory Committee inquired into the reasons for the gains and was informed that three factors are involved, namely, (a) the "rounding" of the after-consolidation post adjustment (PA) multiplier to the next whole number; (b) the extent to which the PA multipliers of the various duty stations are either below or above the PA multiplier at the base city - New York; and (c) the resulting net base salary scale after some "smoothing" of staff assessment brackets and rates and their application to the revised gross salary scale.

8. The "rounding" referred to in paragraph 5 of document A/C.5/35/39 corresponded to factor (a) and accounted for most of the gains. The Advisory Committee understands that the upward rounding procedure is analogous to that followed on the occasion of past consolidations when partial classes were used to avoid losses. The representatives of the Secretary-General have informed the Committee that the use of unrounded multipliers would eliminate the gains at some locations but would also result in losses at other locations having PA multipliers below that of the base city. Moreover, the use of fractional multipliers would require modification of payroll computer programmes of many organizations, including the United Nations, since the present payroll systems are not designed to handle unrounded PA multipliers. Therefore, there would be timing and cost implications in any proposal to use unrounded multipliers.

9. The Advisory Committee understands that the gains resulting from the rounding-up procedure are temporary and that they will be eliminated at a given duty station as soon as it moves into the next class of post adjustment. The Committee has been informed by the representatives of the Secretary-General that the financial implications given in the ICSC report were based on an estimate of the temporary "gains" at the major duty stations and on estimates as to when the next post adjustment change would take place which would eliminate these "gains". The "gains" used in this respect for the base city New York were based on the PA multiplier 55. The estimated cost of \$210,000 given in the Secretary-General's statement was based on the Commission's calculations but using the number of United Nations staff members in regular budget posts at the various duty stations. The Advisory Committee has been informed that a recalculation of the cost based on the current PA multiplier of 63 for New York and a re-evaluation of the timing of the next PA change in the base city (two months instead of three) results in a reduction of the estimate by almost one half, from \$210,000 to \$120,000.

10. As indicated in the ICSC report, ^{2/} the proposed reductions in the scale of staff assessments under the consolidation plan would result in increases in net

^{2/} Ibid., para. 99 (c).

equivalents corresponding to pensionable remuneration amounts. Since these net equivalents would be used in the calculation of separation payments, the Commission estimates that the organizations would incur additional separation payments totalling \$1.4 million for 1981. As indicated in document A/C.5/35/39, \$330,740 of that amount pertains to the cost to the United Nations regular budget.

(b) Proposed increase in the maximum of education grant

11. The ICSC recommendations for the increase in the maximum of education grant are summarized in paragraph 6 of the Secretary-General's statement. ^{3/} The Advisory Committee inquired into the related additional cost to the Organization (\$900,000) and was informed that the Commission had estimated a total cost of \$1.8 million per year for all organizations and all sources of funds, based on statistics provided by the Consultative Committee on Administrative Questions (CCAQ) on the 15,981 grants paid in 1979. The representatives of the Secretary-General reported to the Committee that of the 15,981 grants 5,042 related to United Nations staff members and that on the basis of the tuition breakdown for these cases, the additional cost for the United Nations would amount to approximately \$620,000 per year in respect of all sources of funds and approximately \$450,000 per year for the regular budget; the figure of \$900,000 reported in document A/C.5/35/39 was a biennial estimate.

Recapitulation

12. Accordingly, should the General Assembly approve the recommendations of ICSC, the financial implications in 1981 under the regular budget of the United Nations would be as follows:

| | |
|-----------------------------------------------------------------------------|----------------|
| | <u>1981</u> |
| | \$ |
| (a) Consolidation of post adjustment into base salary | |
| Costs from revision of scale of staff assessments (non-recurrent) | 120,000 |
| Increase in amount budgeted for separation payments | 330,740 |
| (b) Increase in the maximum of education grant | |
| Increase in amount budgeted | <u>450,000</u> |
| | 900,740 |

In paragraph 9 of document A/C.5/35/39, the Secretary-General states that he would not request additional appropriations at this time but that he would deal with the above financial implications in the context of the final performance report on the programme budget for the biennium 1980-1981.

^{3/} In this connexion, the representatives of the Secretary-General drew attention to a typographical error on the third line from the bottom of para. 6 where the figure "\$1,000" should read "\$1,100".