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PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1984-1985

Organization and methods for official travel

Report of the Secretary-General

1. At its thirty-seventh session the General Assembly considered the report of the Joint Inspection Unit on organization and methods for official travel 1/ together with the Secretary-General's comments thereon, 2/ as well as the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ). 3/
2. In its resolution 37/241 the General Assembly inter alia took note of the above reports and called upon the Secretary-General to report on the implementation of the resolution at the thirty-eighth session of the Assembly.
3. One of the primary questions addressed by the Inspectors was that of travel agency services. In this connection, the General Assembly concurred with the Inspector's recommendation that the United Nations should select a commercial travel agency under an in-plant or other arrangement through widespread international competitive bidding at appropriate intervals.
4. Pursuant to this recommendation, advertisements were placed in travel publications having an international circulation with a view to obtaining expressions of interest from suitable agencies for inclusion in the competitive solicitation process. Expressions of interest were received from 177 agencies and a questionnaire was sent to each of them to determine their capacity to provide travel services to the United Nations. Following a careful review of the responses, 13 agencies were invited to submit formal proposals.
5. Since a change in the travel arrangements for the United Nations in New York would have an impact on the arrangements made by UNDP and UNICEF, those

organizations were invited to participate in the selection process without prejudice to any decision that they might take. Accordingly, the formal proposals were analysed and evaluated with the participation of these organizations with a view to making a recommendation to the United Nations Committee on Contracts.

6. In accordance with the recommendation of the Inspectors, 4/ a special Committee on Contracts was established to advise on the most suitable proposal. In its review, the Committee considered the desirability of an in-plant arrangement as compared with a full service agency. An in-plant is a wholly-owned branch office of a travel agency that is recognized by the Air Traffic Conference (ATC). It is located on the premises of a client and provides full travel agency services to that client. The in-plant agent is paid commissions by the airlines, hotels and other suppliers and out of these commissions it is permitted to reimburse the client for certain costs the latter has incurred in making travel arrangements in collaboration with the agent. After study, the Committee determined that recent developments had raised doubt as to the viability of in-plant arrangements since a number of air carriers, members of the ATC, had announced their decision to cease the payment of commissions for tickets issued by travel agents at in-plant branches. The Committee recognized that if this movement spread, particularly to international carriers under the auspices of the International Air Traffic Association (IATA), and the latter undertook to reduce or not extend commissions to travel agencies for in-plant operations, the future of such operations would be in jeopardy. It was therefore deemed prudent initially to enter into a contract with a travel agency for full service. In doing so, sufficient flexibility would be provided in the contract with the agency to permit the Organization to establish an in-plant arrangement in the future if developments indicated that such would be beneficial.

7. In analysing the various offers, the Committee on Contracts took into consideration inter alia the following criteria:

- (a) Relative experience of each agency in providing travel services:
 - (i) Present management of the company:
 - number of years in travel business
 - volume of business
 - qualifications of key personnel
 - clients and their experience
 - experience in handling international travel
 - (ii) Capabilities in terms of:
 - computer equipment for searching lowest fares and providing management reports
 - negotiation with carriers, hotels, etc. for best rates
 - world-wide network of agents
 - "in-plant" experience

(iii) Transition plan:

- availability of qualified and experienced staff
- assignment and training of staff of the travel agency to be established at United Nations premises

(b) Financial benefits to the United Nations

(c) Legal viability of proposal

8. In evaluating the various offers, the Committee gave paramount importance to the ability of an agent to meet the service needs of the Organization. It also gave importance to the need for widespread experience in arranging international travel and for a world-wide network of offices through which the needs of United Nations travellers could be met overseas. Furthermore, arrangements would also have to meet the test of legal viability. The financial returns to the United Nations were also evaluated. Finally, bearing in mind the policies of the Organization, the Committee sought assurances that the travel agent was in compliance with the resolutions of the General Assembly concerning commercial activities related to South Africa.

9. On the basis of this analysis and assurances received, the Committee on Contracts recommended, and the Secretary-General approved, that a contract for full travel services be entered into with Don Travel Services, Incorporated, for a period of three years, effective 1 November 1983. UNDP and UNICEF have decided to join in the same contract. The contract provides an option for conversion to an in-plant if this should be deemed desirable by the United Nations. In payment for facilities and services provided to the agent, the United Nations, UNDP and UNICEF will share a sum of \$350,000 annually.

Negotiations for discounted fares

10. The General Assembly in operative paragraph 3 of resolution 37/241 requested the Secretary-General "to undertake negotiations with air carriers or with interested governments which sponsored air carriers to obtain discounts in countries where this is permitted or to relax conditions which are an obstacle to obtaining the most economical fares". Pursuant to this request, early this year a communication was addressed to the Permanent Mission of all Member and non-Member States seeking their advice and assistance. While the response to this inquiry has been limited, 6 of the 25 replies received have indicated that discounts could be negotiated with national airlines under certain conditions. A number of other replies provided guidance as to appropriate organizations and/or officials to whom the request should be directed. The remaining balance of about one half indicated that for reasons of law or policy they could offer no encouragement concerning discounts. While hoping that there will be a further response to the inquiry, the Secretary-General intends to pursue the positive replies which have been received.

Possibility of establishing a United Nations
travel agency

11. Operative paragraph 4 of General Assembly resolution 37/241 called upon the Secretary-General to keep the possibility of establishing a United Nations travel agency under review. During the past year, the matter has again been examined and the conclusion reached is that the obstacles preventing the establishment of a United Nations travel agency which were explained in paragraph 11 of his comments on the JIU report, 2/ still apply. Under the circumstances, the Secretary-General will continue to monitor the situation and report on developments as they occur.

Review of travel arrangements at offices overseas

12. The General Assembly also called upon the Secretary-General to study the possibility of in-plant travel arrangements for United Nations offices at duty stations other than New York. The Joint Inspection Unit (paragraph 69) 1/ had suggested that such a review should follow Headquarters experience and recommendations. It is felt that action on this count should be deferred at this point in view of the present fluid situation with regard to "in-plant" agency arrangements as discussed in paragraph 6 above. The Secretary-General is, however, initiating action to review existing contractual travel arrangements at overseas offices and seek competitive offers to take advantage of the experience gained at Headquarters.

Standard of accommodation for travel

13. In operative paragraph 6 of resolution 37/241, the General Assembly addressed the question of standard of accommodation for travel. While reaffirming its resolution 32/198, which provided that travel expenses shall be limited to the least costly airfare structure, the Assembly added that "the nature of the mission and the conditions of travel" should be taken into account. Consequently, a review was undertaken of the practices followed in implementation of resolution 32/198 in the light of paragraph 6 of resolution 37/241, the observations made in the JIU report 1/ on the subjects of conditions of travel and standard of accommodation, the comments of the Secretary-General thereon, 2/ and the discussions in the Fifth Committee during the thirty-seventh session. On the basis of that review, a revised administrative instruction on travel in general and standard of accommodation in particular has been issued.

14. Under the revised arrangements, the use of business class has been introduced in respect of travel on official business depending on the duration of particular flights. At the same time, the entitlement to first-class accommodation in respect of home leave travel for Under-Secretaries-General and Assistant Secretaries-General has been lowered and greater use is being made of excursion fares, including advance purchase excursion fares (APEX), whenever available and applicable, for home leave, education grant and family visit travel.

Travel procedures

15. In paragraph 7 of resolution 37/241, the General Assembly called upon the Secretary-General to examine further the recommendations of the JIU on travel procedures for possible implementation. As regards the recommendation for monitoring by heads of departments of travel plans of their staff, a mechanism for this purpose was introduced in 1981, which is basically in line with the JIU recommendation. This mechanism is kept under review to assess its effectiveness.

16. Other JIU recommendations on travel procedures relate to the processing of travel authorizations and to the use of computers to facilitate the search for the lowest applicable fares. In view of the administrative and financial implications involved, these recommendations require a detailed study, which will be undertaken, in the course of the next biennium, with the collaboration of the new travel agent.

Notes

1/ A/37/357 and Corr.1.

2/ A/37/357/Add.1.

3/ Official Records of the General Assembly, Thirty-seventh Session, Supplement No. 7A (A/37/7/Add.1-24), document A/37/7/Add.15.

4/ A/37/357, para. 66 (d).
