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ADVISORY COMMITTEE ON
ADMINISTRATIVE AND BUDGETARY QUESTIONS

INTERNATIONAL CIVIL AVIATION ORGANIZATION BUDGET
APPROPRIATIONS FOR THE FINANCIAL YEAR 1951 1/

Memorandum by the Secretary-General

1951 appropriations - \$3,000,000
1950 appropriations - 2,937,607
1949 expenses - 2,579,372

1. Status of estimates and general summary

The 1951 figure represents the total of estimated expenditures appropriated by the ICAO Assembly in June 1950, after review of the original estimates successively by the Finance Committee of the Council, the Council, and finally, the Administrative Commission of the Assembly. As finally adopted, the 1951 administrative budget indicates a desire to slow down the pace of an organization's activities and involves some deduction of the 1950 establishment.

The original estimate for gross expenditures submitted by the Council to the ICAO Assembly amounted to \$3,169,584, and provided for an increase of five established posts, from 438 to 443. Subsequently, the Secretary-General of the ICAO submitted a supplementary estimate amounting to \$80,975, which increased the total estimated expenditures for 1951 to \$3,250,559. Allowing for an estimated casual revenue of \$188,100, the net budget amounted to \$3,062,459.

The examination of the Administration Commission of the Assembly was, as before, approached from the point of view of the difficulty of the contracting States to meet their financial obligations in respect of contributions to the budget. Of the total reduction of \$250,000 which was effected by the Administration Commission and which was accepted by the Assembly,

1/ All amounts shown in this memorandum are in Canadian currency.

\$100,000 was based on the detailed recommendation of the Working Group of the Administration Commission, and the balance of \$150,000 represented a lump-sum cut subsequently made by the Administration Commission on the over-all budget figure.

During the discussion of the revised budget, opinion was divided among the States. On the one hand, the view was expressed that a reduction beyond that proposed by the Working Group would mean actual retrenchment, and would seriously affect the organization's activities, and on the other hand, reference was made to the desirability of a slower pace in the organization's work, to the importance of stabilizing expenditures, not only in respect of the organization's budget itself but also expenditures by States in the implementing of air navigational practices recommended from time to time by the ICAO Council, and to the belief that the organization could accommodate itself to the reduction without serious difficulty.

Size and scope of the budget

The appropriations for 1951 represent an increase of \$62,393, accounted for mainly by the provision of retirement benefits for the Secretary-General of the ICAO in part IV of the budget estimates.

The appropriations, set out in accordance with the standard budget summary agreed by the Consultative Committee on Administrative Questions, are shown in annex A.

2. Main features of the 1951 estimates

The budget estimates for 1951 were drawn along much the same lines as for 1950, except that greater care seemed to have been taken to eliminate any margins of possible savings on the estimates which in the years prior to 1950 had shown sizeable savings in the actual expenditures as compared with the estimates.

3. Programmes and activities

The programmes and activities of the ICAO during 1951 remain substantially the same as in 1950. It is expected that during 1951 the ICAO will handle matters relating to civil aviation in the expanded technical assistance programme. Its share in the special account has been established by the Economic and Social Council and the Technical Assistance Conference at 1 per cent.

/The ICAO

The ICAO Assembly established no priorities, but the budget which the Council has submitted was reduced, and it was left to the Council to establish priorities in planning the work programme for 1951 within the limits of the budget.

4. Analysis of administrative expenses

(a) Meetings

The meeting programme for 1951 is appreciably heavier than for 1950. However, the estimate for meetings submitted to the Assembly for 1951 was lower by \$47,100 as compared with that for 1950, due mainly to a considerable reduction made in the estimate for the 1951 Assembly meeting, which will be devoted to administrative questions only.

The following table sets out the comparison of 1949 expenses, 1950 appropriations, and 1951 estimates as submitted by the Council to the Assembly:

	<u>1951 estimates</u>	<u>1950 appropriations</u>	<u>1949 expenses</u>
Annual Conference	\$ 8,000	\$ 74,200	\$ 6,858
Other organizational meetings	<u>103,000</u>	<u>83,900</u>	<u>35,311</u>
	\$111,000	\$158,100	\$ 42,169

No provision was made in part 1, Meetings, for the almost continuous sessions of the ICAO Council. The services required for these almost continuous sessions are considered a part of the regular administrative expenses of the organization.

(b) Salaries, wages and other pay items

The third session of the ICAO Assembly (1949) recommended that the Council review the scales of salaries and allowances in the light of all relevant factors and report thereon to the fourth session of the Assembly (1950). This review, undertaken in the light of the report of the United Nations Committee of Experts on salary, allowance and leave systems, was not complete at the time the 1951 estimates were prepared. Consequently, the budget estimates for 1951 were prepared on the same basis of salaries and allowances as was adopted for the 1950 estimates, and no provision is made for a modified scheme of salaries and allowances.

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Unlike the estimates for 1950, no provision was made in the estimates for 1951 for turnover of staff. The allowance made in the 1950 budget estimates on this account was 6 per cent. In this connexion, the following remark is quoted from the budget document:

"It is considered that recent experience must be taken into account in making provision under the salaries item of the budget 1951, when, it is anticipated, the establishment will be substantially filled. No extra or special provision is being made for payment of indemnities, in the expectation that the time-lag between termination of a contract and the filling of the vacancy will be sufficient to provide compensatory savings. Equally, no provision for savings in respect of 'Turnover' is included."

Following the practice adopted for 1950, no provision was made in part II of the ICAO budget for temporary assistance. The ICAO's budget for temporary assistance is only in relation to meetings. The ICAO Service Code provides for the payment of a salary supplement to typists, stenographers and proofreaders who pass the required test and use two or more languages in their regular work. No budget provision on this account was made by the ICAO in the estimates for 1950, but in the estimates for 1951 a provision of \$12,350 was included for language allowances. The conference, common service, and public information staff of the ICAO were kept in the budget estimates at the same level as for 1950. The following table sets out the provisions for established posts and for extra-establishment personnel costs for 1951 and 1950.

	1951 estimates	1950 appropriations
Established posts	\$1,670,832	\$1,520,025
Temporary assistance meetings	33,750	60,400
Consultants	12,100	12,100
Overtime	14,900	13,850
Language allowances	12,350	-

Of the estimated cost of \$1,710,182 in salaries and wages and other pay items for 1951, a sum of \$721,429 was budgeted for the Administrative Bureau, comprising administrative, publication and language services, and the balance for the technical offices and the offices of the President and the Secretary-General. The cost of administrative services worked out to 9.5 per cent of the
/total

total secretariat cost of the organization, or about 7.5 per cent of the whole budget.

Staff Assessment Plan

The Council of ICAO has approved the introduction on 1 July 1950, of an ICAO Staff Assessment Plan drawn up along the lines of the United Nations. During 1951 an additional income of \$22,000 was estimated by the introduction of the Staff Assessment Plan in the place of the previous system of deduction in lieu of income tax. The fourth session of the Assembly authorized the Council to expend any additional casual revenue derived from the application of the Plan and to exceed the expenditure estimates for the secretariat to the extent required by the application of the Plan and to avoid reductions of the "take home pay" in the case of some staff members.

(c) Recruitment, leave and termination expenses

Cost under this head during 1951 was estimated at \$157,066 against \$124,030 appropriated for 1950, the increase being largely attributable to home leave falling due under the provisions of the ICAO Service Code.

(d) Staff benefits, allowances, health and welfare

The ICAO has been provisionally entered as a member organization of the United Nations Joint Staff Pension Fund, although no agreement has been signed. A provision equivalent to 14 per cent of all salaries was made in the budget estimates for 1951 to cover ICAO's contributions toward the pension fund. Other provisions included under the above head were those for children's allowances, unemployment insurance, cost-of-living allowances, health clinic facilities and medical and hospitalization insurance. The total cost for staff benefits and welfare activities was estimated at \$444,336 for 1951 against the appropriation of \$417,040 for 1950.

Comparison of allowances with United Nations

In this connexion attention is drawn to the Secretary-General's report on the 1950 budget of ICAO (document A/CN.1/W.110). The allowance budgeted for 1951 remain the same as in 1950.

Practices and costs for home leave

As was stated in the paper on the 1950 budget of ICAO home leave is granted to all entitled ICAO staff members once every three years. 1951 estimates for travel on home leave amount to \$80,000, an increase over the 1950 appropriations

/of approximately

of approximately \$50,000. It was stated that where practicable home leave is arranged to fit in with conferences and missions abroad, making possible economies in travel estimates.

Type and cost of medical schemes

Under a plan approved by the Council, emergency medical service, medical consultation to the staff in the secretariat and delegation offices, consultation to the administration on medical questions and medical examinations in connexion with employment and pension fund, are obtained through a private industrial medical clinic serving other employers in the area of the headquarters office. A total amount of \$7,200 was estimated for this service in 1951.

Furthermore, the Council has given its approval to a contribution by the ICAO toward medical and hospitalization insurance for the staff. The insurance provides reimbursement for hospitalization, surgical expenses and medical expenses of staff members and their dependents within defined limits. Staff members' contributions were to be approximately on the same scale as those of the organization. A provision of \$12,800 was made in the budget for 1951 on this account.

(e) General Services

Printing and publications

The printing and publications programme during 1951 is expected to be on the same level as in 1950. Accordingly, the budget provisions under these heads for 1951 were kept approximately the same as in the previous year.

Rental and/or maintenance of premises

The appropriation for 1951 for rental and maintenance of premises amounts to \$278,700, as against the 1950 appropriation of \$209,562 and the 1949 expenses of \$169,240. In previous years the effect of the leasing by the organization of certain office space, which was immediately sub-let to national delegations, had not been directly shown in the budget. In the 1951 estimates, the amount of rental involved was included both as an expenditure of the organization and as an off-setting revenue of equal amount.

Official travel

In line with the practice followed by the United Nations, the cost of official travel for attending ICAO's meetings by members of the staff is shown along with the estimates for the meetings, and that undertaken on missions or

/meetings of

meetings of other international organizations is shown with the headquarters secretariat estimates.

5. Income

As in 1950, a resolution was passed by the Assembly authorizing the Secretary-General to accept, at his discretion, and after consultation with the President of the Council, a portion of the contribution of contracting States in currency other than dollars.

Casual revenue for 1951 was estimated at \$188,000, of which \$103,000 was to be derived from the Staff Assessment Plan, and the balance from other miscellaneous sources.

The draft appropriation resolution for 1951 presented by the Council to the Assembly differed from those of previous years. The basic figure noted for 1951 was that for total expenditures, whereas for all previous years the corresponding figure has been that for net expenditures after allowance for miscellaneous revenues. Following the line suggested by the Council, the Assembly authorized a gross expenditure of \$3,000,000 to be provided as follows:

(i) by assessment to contracting States	\$2,600,000
(ii) by appropriation from the Working Capital Fund	132,000
(iii) by appropriation from the general fund reserve	80,000
(iv) by income from casual revenue (estimated)	<u>188,000</u>
<u>Total</u>	\$3,000,000

As stated in the paragraph dealing with the Staff Assessment Plan, the Assembly authorized the Council to expend any additional casual revenue derived from the application of the Plan, and to exceed the expenditure estimate for the secretariat to the extent required by the application of the Plan.

The figure of \$2,600,000 may be compared with the 1950 assessment in respect of the general fund of \$2,610,607.

Assessment

The Administrative Commission reviewed the 1950 scale of assessments to the contracting countries and voted certain changes for 1951. It decided to reduce the assessment of the United States from 375 units to 374, and of Austria from 4 to 2. The total number of units was reduced from 1,500, as proposed by the Contributions Working Group, to 1,497. The resulting scale established a maximum

/contribution for

contribution for 1951 of 24.98 per cent against 18.28 per cent in 1950.

Language service

During the discussion on the budget in the Administrative Commission, the delegation of the Netherlands proposed that the cost of providing interpretation and documentation in the three working languages, additional to the expenditure that would be incurred if a single language were used, be separated from the main budget, and allocated only among those states whose national language is included among the organization's working languages. The Commission, after a brief review of the major points for and against the proposal to separate the language costs, rejected the proposal by a vote of 17 to 10.

Arrears of contributions

The following contributions were outstanding against contracting States for periods up to 30 June 1948 as at 22 May 1950:

<u>1945-46</u>	<u>1946-47</u>	<u>1947-48</u>	<u>Total</u>
\$40,061	\$85,538	\$124,368	\$249,967

The position of contributions and receipts for 1949 and 1950 was as follows:

	<u>General assessment fund</u>	<u>Contributions received</u>	<u>Balance due</u>	<u>Percentage of assessment received as at 31 March 1950</u>
1949	\$2,641,868	\$2,234,597	\$ 407,271	85%
1950	2,618,974	1,106,608	1,512,366	42%

In respect of assessments outstanding for the years 1945-1948, the Assembly passed a resolution suspending the voting power of certain contracting States who had failed to discharge completely their financial obligations to the organization and authorized the Council to (i) suspend from the defaulting States so long as their voting power is in suspense such part of the general services furnished to the contracting States as it may find reasonable to suspend, provided that such suspension of services shall not be effected in any case where it would be likely to prejudice the safety, regularity, or efficiency of international air navigation, and (ii) discuss through such channels as it may designate and conclude arrangements with any contracting States in arrears for the settlement of accumulated financial obligations to the organization, such settlement or arrangement to be subject to confirmation by the next session of the Assembly.

6. Funds

The fund structure of the ICAO remains the same as described in document A/CN.1/W.110. On 31 March 1950 the Working Capital Fund amounted to \$925,385, of which \$620,309 represented advances received from contracting States against assessments made for the fund; \$492,166 cash surpluses transferred from the general fund in respect of 1945-46 and 1947-48, and \$12,910 interest received and accrued. The sum of \$200,000 was transferred from the Working Capital Fund in aid of the general fund, 1950.

Taking into account the estimated additional receipts of outstanding contributions (general and Working Capital Funds) during 1951 and allowing for the cash deficit resulting from the operation of the general fund in the financial year 1946-47, the Working Capital Fund was estimated at \$915,000. Since this amount was larger than one quarter of the general fund expenditure estimates for 1951, it was not to be subject to assessment as prescribed by the financial regulations. On the other hand, the regulations provide that any excess (estimated at \$170,000) could be appropriated either in whole or in part by the Assembly in aid of the 1951 budget. While the Council, in its budget document, drew attention to this estimated surplus, in its supplementary report to the Assembly on the activities of the organization, it cautioned the Assembly against such an action in the light of the possibility of the Fund's being reduced below the minimum prescribed through further general fund cash deficits as a result of contributions outstanding. It was pointed out that if the deficits were not made good by States in arrears, at some stage the other contracting States would have to be called upon for additional contributions specifically to cover the deficits or by an assessment to contracting States to the Working Capital Fund to maintain the Fund at an appropriate balance.

The Assembly, nevertheless, appropriated a sum of \$132,000 in aid of the 1951 budget as a means of keeping the 1951 contributions at a minimum.

The form of the budget

The main form of the budget of the ICAO conforms to the United Nations pattern. There are, however, differences of minor details, such as the absence of the breakdown of the common staff costs into its various items and of a summarized detailed schedule of estimates and a standard budget summary, which are essential features in the United Nations budget. The justification details

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in respect of the staff appear to have been somewhat curtailed in the interest of brevity in the presentation of the budget.

Administrative co-ordination

The Advisory Committee on Administrative and Budgetary Questions, on reviewing the 1950 budget of the ICAO, expressed hope that the ICAO will see its way to utilizing the services of the Joint Panel of Auditors, when established. The Council of ICAO has now requested the Secretary-General of ICAO to approach the Auditor-General of Canada and the United Nations on the possibility that ICAO might participate in the Joint Audit Scheme while retaining the services of its present (commercial) auditors. It is noted that such an arrangement is within the framework of the scheme if the Auditor-General elects to do the work in this manner and the work is done in accordance with the "Common Principles of Audit" adopted by the General Assembly and the conferences of a majority of the specialized agencies.

ANNEX A

INTERNATIONAL CIVIL AVIATION ORGANIZATION

Standard budget summary for the United Nations
and the specialized agencies

	1951	1950	1949
	<u>appropriations</u>	<u>appropriations</u>	<u>expenses</u>
<u>Group I. Meetings</u>			
A. Annual Conference			
Travel and subsistence			
(i) Delegates	\$ -	\$ -	\$ -
(ii) Staff	500.00	6,000.00	785.00
Temporary staff	4,000.00	30,000.00	3,985.00
Local transportation	-	-	-
Supplies and materials	500.00	7,500.00	295.00
Contractual printing	-	-	-
Premises and equipment	-	10,000.00	-
All other services	2,000.00	20,700.00	1,793.00
	<u>\$ 7,000.00</u>	<u>\$ 74,200.00</u>	<u>\$ 6,858.00</u>
B. Governing Body, Councils and other organizational meetings			
Travel and subsistence			
(i) Members	\$ -	\$ -	\$ -
(ii) Staff	43,000.00	37,800.00	16,203.00
Temporary staff	29,750.00	30,400.00	1,685.00
Other items	20,250.00	15,700.00	17,418.00
	<u>\$ 93,000.00</u>	<u>\$ 83,900.00</u>	<u>\$ 35,311.00</u>
Total	<u>\$ 100,000.00</u>	<u>\$ 158,100.00</u>	<u>\$ 42,169.00</u>
Less: Direct contributions by host country	<u>-</u>	<u>(5,000.00)</u>	<u>-</u>
Total, Group I	<u>\$ 100,000.00</u>	<u>\$ 158,100.00</u>	<u>\$ 42,169.00</u>

/Group II.

	1951	1950	1949
	<u>appropriations</u>	<u>appropriations</u>	<u>expenses</u>
<u>Group II. Personal services</u>			
Salaries, wages and other pay items			
Established posts	\$1,555,500.00	\$1,520,125.00	\$1,472,830.00
Consultants	12,100.00	12,100.00	2,283.00
Temporary assistance	-	-	-
Overtime	14,900.00	13,850.00	28,130.00
Night differential	-	-	-
Research and other personal contract fees	-	-	-
Reimbursement for national income taxation	-	-	-
	<u>\$1,582,500.00</u>	<u>\$1,546,075.00</u>	<u>\$1,503,243.00</u>
Recruitment and termination expenses			
Travel and removal expenses of staff and dependents	\$ 36,500.00	\$ 79,550.00	\$ 46,783.00
Installation allowances and grants	6,300.00	13,690.00	18,054.00
Termination pay and commutation of annual leave	-	-	-
Other	1,200.00	2,590.00	3,123.00
Travel on home leave	82,600.00	28,200.00	32,342.00
	<u>\$ 126,600.00</u>	<u>\$ 124,030.00</u>	<u>\$ 100,302.00</u>
Staff benefits and allowances			
Staff Provident Fund - Staff Pension Fund	\$ 218,000.00	\$ 215,882.00	\$ 141,810.00
Children's allowances, education grants and related travel	25,900.00	25,068.00	27,875.00
Expatriation allowances	-	-	-
Rental allowances	-	-	-
Other	157,000.00	156,090.00	151,064.00
	<u>\$ 400,900.00</u>	<u>\$ 397,040.00</u>	<u>\$ 320,749.00</u>
Staff training, health and welfare	\$ 20,000.00	\$ 3,100.00	\$ 2,022.00
	<u>\$ 20,000.00</u>	<u>\$ 3,100.00</u>	<u>\$ 2,022.00</u>
Total, Group II	<u>\$2,130,000.00</u>	<u>\$2,070,245.00</u>	<u>\$1,926,316.00</u>

/Group III.

	1951	1950	1949
	<u>appropriations</u>	<u>appropriations</u>	<u>expenses</u>
<u>Group III. General Services</u>			
Travel and transport	\$ 80,000.00	\$ 80,000.00	\$ 50,894.00
Hospitality	5,000.00	4,900.00	2,582.00
Communications services	90,000.00	82,500.00	89,018.00
Information services, supplies and materials	3,000.00	5,000.00	2,968.00
Rental and maintenance of premises	278,500.00	209,562.00	169,240.00
Stationery and office supplies	14,000.00	15,150.00	14,760.00
Supplies for internal reproduction	67,500.00	72,450.00	70,558.00
Contractual printing	50,000.00	99,400.00	59,415.00
Rental and maintenance of furniture Fixtures and equipment	6,000.00	5,500.00	5,887.00
Freight, cartage and express	1,000.00	1,200.00	858.00
Other supplies and services	35,000.00	43,300.00	36,626.00
Total, Group III	\$ 630,000.00	\$ 618,962.00	\$ 502,806.00
<u>Group IV. Special projects and activities</u>			
Missions	\$ -	\$ -	\$ -
Other (See report)	-	-	-
Total, Group IV	\$ -	\$ -	\$ -
<u>Group V. Equipment purchase</u>			
Furniture, fixtures and office equipment	\$ 45,000.00	\$ 69,400.00	\$ 94,723.00
Library books, periodicals and maps	10,000.00	11,900.00	8,485.00
Other equipment	-	-	-
Total, Group V	\$ 55,000.00	\$ 81,300.00	\$ 103,208.00
<u>Group VI. Property account</u>			
Alterations and improvements to leased premises	\$ -	\$ -	\$ -
Land and buildings	-	-	-
Amortization of property loans	-	-	-
Total, Group VI	\$ -	\$ -	\$ -

/Group VII.

	1951	1950	1949
	<u>appropriations</u>	<u>appropriations</u>	<u>expenses</u>
<u>Group VII. Other budgetary provisions</u>			
Unpaid liability fund	\$ -	\$ -	\$ -
Provisions for new projects, contingencies and unforeseen*	-	-	-
Reserve fund	-	-	-
Working capital fund	-	-	-
Trainee plan (stipend)	8,000.00	9,000.00	4,873.00
Purchase of annuity (non-recurring)	77,000.00	-	-
Total, Group VII	\$ 85,000.00	\$ 9,000.00	\$ 4,873.00
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Total	\$3,000,000.00	\$2,937,607.00	\$2,579,372.00
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
<u>Group VIII. Casual revenue</u>			
Estimated returns for services rendered to other agencies	\$ -	\$ -	\$ -
Sales of publications	30,000.00	30,000.00	31,024.00
Staff assessment plan	103,000.00	96,000.00	-
Other	55,000.00	1,000.00	21,234.00
Total, Group VIII	\$ 188,000.00	\$ 127,000.00	\$ 52,258.00
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Total net	\$2,812,000.00	\$2,810,607.00	\$2,527,114.00
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

* Provision of \$100,000 for contingencies and unforeseen in Working Capital Fund.