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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1951

Salary, Allowance and Leave System of the United Nations

(Note by the Secretary-General)

1. In response to requests made in the Sub-Committee on Leave Systems of the Fifth Committee, the Secretariat has compiled certain information concerning the effect of transition to the new salary system on existing staff of the United Nations.
2. The Secretary-General based his budget estimates for 1951 on the assumption that all staff would be placed on the appropriate step in the new scheme on 1 January 1951. At the same time, he has recommended that the General Assembly approve the principle of preserving the present basic salaries of staff members whose present base salary (plus cost-of-living adjustment) is above the maximum of the level to which their post has been assimilated in the new system. The difference would be made up by a "personal allowance" to be paid as long as the staff member occupies his present post. This principle is recommended by the Committee of Experts and is the practice of many national civil services in effecting transition from one salary scheme to another. The Secretary-General has also proposed that staff members be allowed to proceed to the existing salary ceiling (i.e., grade maximum) so long as they occupy their present posts, for three reasons: (a) he believes that at least a moral commitment has been made to the staff by their assignment to present grades with ranges prescribed in the staff rules which are a part of their contracts; (b) that it would be a serious blow to staff morale to reduce take-home pay or expectation of normal increases at a time of rising costs of living in New York, Geneva and most of the overseas

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office locations; and (c) that an objective reclassification of posts at the proper long-term level can only be accomplished if the present staff does not face serious reductions in pay as a result.

3. The Advisory Committee on Administrative and Budgetary Questions, on the other hand, has taken the view (A/1312,^{1/} paragraphs 30-32) that such transitional arrangements are undesirable and has proposed a formula which would allow payment of personal allowances for a maximum of one year and would then reduce take-home pay to the maximum of the new grade.

4. This formula would have the following practical results for the staff:

(a) Approximately 1,690 staff members at Headquarters alone (58.6 per cent of the staff) would suffer reductions in the ceilings for their grades.

(b) During 1951 only those staff members who are above their new ceilings, with fixed-term contracts expiring in 1951 or permanent contracts reviewable in 1951, would lose in take-home pay.

(c) At the beginning of 1952, many more of the staff would lose in take-home pay. In the General Service category about 330 at the Headquarters and a significant number in Geneva would suffer such a reduction.

5. It must also be noted that these salary reductions would be accentuated for staff at Headquarters by the fact that rental allowances to the value of \$417,000 per annum will be discontinued during or at the end of 1951. Expatriation allowances amounting to \$626,000 in 1950 (on a global basis) will be discontinued on 1 January 1951 unless the General Assembly decides otherwise.

6. The cumulative effect of these reductions in some typical cases is illustrated below:

^{1/} See Official Records of the General Assembly, Fifth Session, Supplement No. 7.

SALARIES SHOWN ON A NET BASIS

<u>Present grade and status</u>	<u>Present emoluments</u>	1952		Ceiling - 1955	
		<u>Secretary- General's plan</u>	<u>Advisory Committee</u>	<u>Secretary- General's plan</u>	<u>Advisory Committee</u>
1. Secretary, grade 6-step 5 (recruited in Europe; 3 yrs. of service, single).assimi- lated to level C \$2,600 to \$3,500	Net salary \$3,650 Rental allowance 175 Expatriation allowance 250 Total <u>\$4,075</u>	\$3,800 --- + (Repat.)* <u>\$3,800</u>	\$3,500 --- + (Repat.) <u>\$3,500</u>	\$3,990 --- + (Repat.) <u>\$3,990</u>	\$3,500 --- + (Repat.) <u>\$3,500</u>
2. Secretary, grade 4-step 4 (recruited NY, 2 yrs. service, no dependents). Assimilated to level B \$2,200 to \$3,000	Net salary \$2,930 <u>\$2,930</u>	\$3,100 <u>\$3,100</u>	\$3,000 <u>\$3,000</u>	\$3,340 <u>\$3,340</u>	\$3,000 <u>\$3,000</u>
3. Professional officer, grade 14- step 5 (recruited in S. America, 4 yrs service, married).Assimi- lated to level F \$5,000 to \$7,500	Net salary \$7,450 Rental allowance 360 Expatriation allowance 500 Total <u>\$8,310</u>	\$7,750 --- + (Repat.) <u>\$7,750</u>	\$7,500 --- + (Repat.) <u>\$7,500</u>	\$8,300 --- + (Repat.) <u>\$8,300</u>	\$7,500 --- + (Repat.) <u>\$7,500</u>

* Credit towards repatriation grant,
payable upon leaving the Organization.

/SALARIES SHOWN

SALARIES SHOWN ON A GROSS BASIS

<u>Present grade and status</u>	<u>Present emoluments</u>	<u>1952</u>		<u>Ceiling - 1955</u>	
		<u>Secretary- General's plan</u>	<u>Advisory Committee</u>	<u>Secretary- General's plan</u>	<u>Advisory Committee</u>
1. Secretary, grade 6-step 5 (recruited in Europe; 3 yrs. of service, single). Assimi- lated to level C \$3,060 to \$4,120	Gross salary \$4,310 Rental allowance 175 Expatriation allowance 250 Total <u>\$4,735</u>	\$4,500 --- + (Repat.)* <u>\$4,500</u>	\$4,120 --- + (Repat.) <u>\$4,120</u>	\$4,740 --- + (Repat.) <u>\$4,740</u>	\$4,120 --- + (Repat.) <u>\$4,120</u>
2. Secretary, grade 4-step 4 (NY recruit, 2 yrs. service, no dependents). Assimilated to level B \$2,590 to \$3,530	Gross salary \$3,450 <u>\$3,450</u>	\$3,650 <u>\$3,650</u>	\$3,530 <u>\$3,530</u>	\$3,930 <u>\$3,930</u>	\$3,530 <u>\$3,530</u>
3. Professional officer, grade 14- step 5 (recruited in S. America, 4 yrs. service, married). Assimi- lated to level F \$6,000 to \$9,430	Gross salary \$9,360 Rental allowance 360 Expatriation allowance 500 <u>\$10,220</u>	\$9,790 --- + (Repat.) <u>\$9,790</u>	\$9,430 --- + (Repat.) <u>\$9,430</u>	\$10,610 --- + (Repat.) <u>\$10,610</u>	\$9,430 --- + (Repat.) <u>\$9,430</u>

*Credit towards repatriation
grant, payable upon leaving
the Organization.

7. The Secretary-General has proposed that all staff members be transferred to the new system on 1 January 1951 at the same pay or at the next higher step. A few whose duties and responsibilities have been evaluated at higher levels will gain by several hundred dollars. For example, a staff member now at grade 16, step 4 (\$8,750) may go to \$9,000 if his post has been graded at the senior officer level (\$9,000-\$11,000). The percentage of such cases is small, but it is impossible to give precise information as to the number of such cases until the present discussions with specialized agencies in respect of the salary ranges for five instead of four levels in the professional category are completed. However, the new five-level scale will tend to reduce the small number of staff members receiving significant increases under the plan. It must also be remembered in this connexion that staff above \$7,000 have had no adjustment for the 26 per cent rise in the cost of living in the New York area since 1946.

8. The Assistant Secretary-General for Administrative and Financial Services informed the Fifth Committee that the cost of converting to the new plan in 1951 would be \$553,000 in salaries on the basis of assumptions used by the Secretary-General in his estimates. This is the gross increase and must at once be offset by the increase in staff assessment contributions which total \$200,000. For example, a top-ranking director is at present paid \$11,000 (net) or \$15,000 (gross) plus \$3,000-\$6,000 in representation allowances; the staff assessment on the salary is \$4,000. The 1951 estimates include the principal directors at \$16,000 (net) or \$25,000 (gross); the staff assessment on this amount is \$9,000 or an increase of \$5,000 in the assessment for each principal director.

9. Aside from the effect of the staff assessment plan on the new salaries, the chief explanation of the increase in the budget estimates lies in three other factors:

(a) The Secretary-General's proposal to move the entire staff onto the new system on 1 January 1951, which results in small increases on that date, accounts for \$100,000 of the net increase of \$353,000. The Advisory Committee has recommended that the estimates be reduced by \$100,000 by the device of an alternative transitional procedure under which there would be a gradual shifting of staff to the new system throughout 1951, rather than shifting everyone on 1 January.

(b) The

(b) The incorporation of the Headquarters cost-of-living allowance in base pay, results in an increase of \$90,000 in the salary bill for overseas offices. The Committee of Experts and the Secretary-General considered this necessary since the salary differential, based on comparison of the cost of living in New York and in overseas office areas, can only be valid if the differential is applied to the total salary in New York.

(c) The balance of the increase (\$163,000) is accounted for primarily in the increases proposed in base pay for senior officers and above who have suffered a 26 per cent reduction in real income since 1946. The Committee of Experts was particularly concerned about this group and recommended the increases (A/C.5/331^{2/}, paragraphs 37-43) which were asked by the Secretary-General in his budget estimates. For many of the same staff members in the senior and principal officer and director category, the loss of expatriation and rental allowance will offset the salary advantage.

10. The total effect of the revised salary system will be savings of \$287,000 in 1951 under the Secretary-General's transition plan, and these savings will increase materially in future years. It is strongly urged that the sub-committee not recommend a less liberal transition plan than that of the Secretary-General. A favourable recommendation would preserve not only the reasonable expectation of the staff but its morale in this critical period in the life of the United Nations.

2/ Ibid., Fourth Session, Fifth Committee, Annex, Vol.II, paragraphs 37-43.