



General Assembly

Distr.
GENERAL

A/C.5/43/9
19 October 1988

ORIGINAL: ENGLISH

Forty-third session
FIFTH COMMITTEE
Agenda item 114

PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989

Judgement No. 421 of the United Nations Administrative Tribunal
related to the application of the remuneration correction factor
to post adjustment at Geneva and Vienna as at 1 September 1986

Report of the Secretary-General

1. At its twenty-fourth session, in July 1986, the International Civil Service Commission (ICSC) reviewed the overall issue of separating the effects of inflation and currency fluctuations in the post adjustment system. The Commission noted that, owing to the regressivity built into the post adjustment system, exchange rate fluctuations, which had become increasingly frequent since the advent of floating exchange rates, directly affected staff members' take-home pay in local currency at a number of duty stations. Consequently, the Commission decided to introduce, on an interim basis with effect from 1 September 1986, a remuneration correction factor (RCF) designed to minimize upwards or downwards variations of take-home pay in local currency resulting from exchange rate fluctuations. The Commission further decided that the RCF should be introduced at 16 duty stations with fully convertible currencies, including, *inter alia*, Geneva and Vienna. 1/
2. The staff were informed in bulletin ST/SGB/217 of 20 March 1986 of a series of economy measures being taken by the Secretary-General in view of the serious financial crisis confronting the United Nations. These measures were announced to the General Assembly at its resumed fortieth session in the report of the Secretary-General on the current financial crisis of the United Nations (A/40/1102).
3. In view of the United Nations financial situation and consistent with the actions announced in paragraph 5 of bulletin ST/SGB/217, the Secretary-General decided on 13 September 1986 to defer the implementation of the RCF at Geneva and Vienna, while indicating that it was his intention to lift the deferment as soon as practicable. On 16 October 1986, the Secretary-General reported to the Fifth

Committee his decision to implement the RCF at Geneva and Vienna only as from 1 January 1987 (A/C.5/41/22).

4. Four staff members appealed the validity of the deferment to the Administrative Tribunal.

5. The Tribunal heard the appeal at its spring session of 1988. On 27 May 1988, the Tribunal delivered Judgement No. 421. On the basis that its judgement would be applied to similarly situated staff, the Tribunal held that, as the General Assembly had conferred on ICSC, under article 11 (c) of its statute, the power to classify duty stations for post adjustment purposes, the Secretary-General was obligated to implement such decisions. The Tribunal therefore ordered that the four claimants be entitled to be paid, for the period 1 September 1986-31 December 1986, the difference between the emoluments which would have been applicable on the basis of the relevant multiplier announced by ICSC, which included the RCF, and those they actually received, which did not include the RCF. As the organization is legally bound to implement judgements of the Tribunal when they become final, there is an obligation on the part of the Secretary-General to pay the amounts ordered by the Tribunal to the four applicants as well as to other staff members in the Professional and higher categories similarly situated.

6. It would be the intention of the Secretary-General to pay the difference between the amount that would have resulted from implementation of the relevant post adjustment multipliers announced by the Commission, which included the RCF, and the amounts actually received by each staff member concerned, for the period 1 September to 31 December 1986, as follows:

Schedule of post adjustment multipliers paid and payable

	<u>Vienna</u>		<u>Geneva</u>	
	<u>Actually paid</u>	<u>Announced by ICSC</u>	<u>Actually paid</u>	<u>Announced by ICSC</u>
September 1986	57	59.6	90	94.4
October 1986	57	59.6	90	94.4
November 1986	57	59.6	87	91.2
December 1986	57	59.6	87	91.2

7. Payment would be made to each staff member in the Professional and higher categories who was serving at Geneva or Vienna for the totality or part of the above period, it being understood that in the latter case entitlements would be computed in relation to the actual period of employment of the staff member concerned.

8. The financial implications for the United Nations of payments pursuant to this judgement of the Administrative Tribunal may be summarized as follows:

<u>Duty station</u>	<u>Regular budget</u>		<u>Other sources of funds a/</u>		<u>Total cost</u>
	<u>Number of staff</u>	<u>Cost</u> \$	<u>Number of staff</u>	<u>Cost</u> \$	
Geneva	903	410 000	341	155 000	565 000
Vienna	111	29 400	10	2 800	32 200
Total	<u>1 014</u>	<u>439 400</u>	<u>351</u>	<u>157 800</u>	<u>597 200</u>

a/ Including the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF), the Office of the United Nations High Commissioner for Refugees (UNHCR) and extrabudgetary funds of the United Nations.

9. It will be recalled that financial implications were presented to the General Assembly at its forty-first session regarding the implementation of the RCF at Geneva and Vienna as of 1 January 1987. No provisions were made in the programme budget for the biennium 1986-1987 for the introduction of the RCF at Geneva and Vienna as of 1 September 1986 and, consequently, no funds were appropriated for that purpose. It is therefore proposed to charge the additional regular budget expenditures shown in paragraph 8 above (\$439,400) against the overall balance of appropriations for the biennium 1986-1987 to be retained as a result of the suspension of financial regulations 4.3, 4.4 and 5.2 (d).

Notes

1/ Official Records of the General Assembly, Forty-first Session, Supplement No. 30 (A/41/30), paras. 125-127.
