

UNITED NATIONS  
GENERAL  
ASSEMBLY



Distr.  
GENERAL

A/4909  
3 October 1961

ORIGINAL: ENGLISH

Sixteenth session  
Agenda item 53

SUPPLEMENTARY ESTIMATES FOR THE FINANCIAL YEAR 1961

Post classification for New York

Twelfth report of the Advisory Committee on Administrative and Budgetary Questions to the General Assembly at its sixteenth session

1. The Advisory Committee has considered the report of the Secretary-General (A/C.5/872) concerning the classification, for purposes of post adjustment, of the United Nations Headquarters, New York.
2. Pursuant to the recommendations of the Salary Review Committee<sup>1/</sup> in 1956, as approved by the General Assembly, the system of post adjustments for the professional staff calls for salary adjustments, in accordance with an established scale, when a 5 per cent movement has taken place in the appropriate cost-of-living index. It was laid down also that the following criteria should be met in considering such variation of the post adjustment:
  - (a) Adjustments should depend on the cost-of-living movement at the duty station concerned, measured on an index appropriate for professional international staff; such adjustments would therefore be made independently of the position at any other duty station;
  - (b) The reviewing body should satisfy itself that the index movement properly reflected the situation of the officials at the duty station concerned;
  - (c) The post adjustment should only be changed if the 5 per cent variation had averaged over a nine-month period.

<sup>1/</sup> A/3209, para. 168.

3. The common base date for the system is 1 January 1956 with the relevant indices fixed at 100 for Geneva and 120 for New York. Of the reclassifications which have been approved since then, the most recent occurred during the fifteenth session of the General Assembly when the latter decided that the post adjustment for United Nations Headquarters in New York should be class 7 (index of 130), with effect from 1 January 1960, and that the post adjustment for the United Nations Office at Geneva should be class 3 (index of 110), with effect from 1 May 1960.
4. The periodic reviews of post adjustments have been conducted by the Expert Committee on Post Adjustments (ECPA), consisting of six outside experts, appointed by the Secretary-General in consultation with the executive heads of the various specialized agencies and the IAEA, through the Administrative Committee on Co-ordination (ACC). The index which has been used up to now for post adjustment purposes in New York is the index compiled by the United States Bureau of Labor Statistics under the title of Consumer Price Index (CPI).
5. The most recent review was carried out by the Expert Committee on Post Adjustments in April 1961. In its report (A/4823/Add.2), the Expert Committee states that, on the basis of the data it had requested the Secretariat to assemble in order to measure the changes in the rents of international officials in New York, it found that for the period June 1959 to June 1960 the upward movement of the rental portion of the Consumer Price Index (CPI) compiled by the United States Bureau of Labor Statistics for New York was 3.3 per cent compared with a movement of 6.6 per cent in an index reflecting housing costs for international officials. It thus reached the conclusion that the divergence between the CPI rental index and the index of rents paid by international officials was of such magnitude as to warrant, for post adjustment purposes, substituting in the CPI index a specially computed component appropriate for international officials.
6. Using as a basis the post adjustment index for New York in January 1956, in relation to the Geneva base, the Expert Committee determined that the post adjustment index for New York for the month of June 1960, calculated on the basis of the movements in the total CPI index during the period from January 1956 to June 1959 and on the basis of the movements in the adjusted CPI index, which takes into account a specially computed rental component during the period June 1959 to June 1960, was 135. In the light of the adjusted index figures for the

period June 1960 through February 1961, it was clear, according to the Expert Committee, that the post adjustment index for New York had exceeded the requirements for class 8 (a nine-months average index of 135) by the end of February 1961.

7. In accordance with the findings of the Expert Committee, the Secretary-General has recommended a change in the classification of New York from class 7 to class 8, effective from 1 March 1961, under the present system of emoluments. The estimated cost of the class 8 adjustment for the period 1 March 1961 to 31 December 1961 is \$230,000, which would require a supplementary appropriation under section 3 of the 1961 budget.

8. In considering the recommendations of the Expert Committee on Post Adjustments, in particular the proposed substitution in the CPI index of a specially computed rent component appropriate for international officials, the Advisory Committee has inquired into the methods and results of the rental surveys carried out by the Statistical Office of the United Nations in 1959 and 1960 at the request of the Expert Committee. It appears, in this regard, that only a relatively limited proportion of the staff in the rent-paying category replied to either of the relevant questionnaires. Since an even smaller number answered both questionnaires, the sample used for purposes of comparison is, in the view of the Advisory Committee, hardly adequate to be statistically meaningful.<sup>2/</sup> For this reason, the Advisory Committee is of the opinion that, irrespective of the merits of the eventual substitution in the CPI index of a special rental component, such action at this time may be considered premature and would benefit from further study in the light of more conclusive statistical evidence. In order to enhance the significance of any further surveys, steps might be taken to secure a more satisfactory participation from the staff in replying to the further questionnaire.

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<sup>2/</sup> The Advisory Committee understands that a more recent survey, carried out in June 1961, has met with a substantially better response. However, the latter questionnaires have not been tabulated as yet; in any event, the Statistical Office would need the results of a further survey among the same sample before any reliable comparison could be made.

9. The CPI index, without adjustment for movements in rents paid by international officials, shows that the post adjustment index for New York reached a nine-month average of 135 by the end of May or the beginning of June 1961.<sup>3/</sup> In view of its observation in the immediately preceding paragraph, the Advisory Committee recommends, therefore, that the classification for New York should be changed from class 7 to class 8 as from 1 June 1961. If the General Assembly accepts this recommendation, a supplementary appropriation of \$161,000 would be required under section 3 for 1961.

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<sup>3/</sup> A/C.5/872, page 3, table I.