



Seventeenth session
Agenda items 61 and 62

SUPPLEMENTARY ESTIMATES FOR THE FINANCIAL YEAR 1962

BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1963

Post Classifications for the United Nations Headquarters
New York and the European Office, Geneva

Twenty-third report of the Advisory Committee on Administrative and
Budgetary Questions to the General Assembly at its seventeenth session

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/946) concerning the classification, for purposes of post adjustment, of the United Nations Headquarters in New York and of the European Office of the United Nations in Geneva.
2. In paragraphs 1-3 of his report the Secretary-General summarizes the history and the main features of the post adjustment system. He also gives an extract from the twelfth report of the Advisory Committee to the General Assembly at its sixteenth session^{1/} concerning the post classification for New York, where the Committee recalled that, under the system adopted by the General Assembly^{2/}, the following criteria should be met in considering variations in post adjustment classifications:

^{1/} Official Records of the General Assembly, Sixteenth Session, Annexes,
agenda item 53, document A/4909.

^{2/} Resolutions 1095 (XI) and 1658 (XVI).

"(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".

3. 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 International Atomic Energy Agency, through the Administrative Committee on Co-ordination (ACC).

Headquarters, New York

4. The index which has been used up to now for post adjustment purposes in New York is the index compiled by the U.S. Bureau of Labour Statistics under the title of Consumer Price Index (CPI). It may be recalled that the Expert Committee on Post Adjustments had reached the conclusion at its third session in April 1961 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.^{3/} However, the Advisory Committee noted that the initial studies carried out in this regard appeared to relate to a relatively limited proportion of the staff and, in the view of the Committee, the sample used for comparison purposes was hardly adequate to

^{3/} Official Records of the General Assembly Sixteenth Session, Annexes, agenda item 65, document A/4823/Add.2.

be statistically meaningful (A/4909, para.8). As was suggested by the Advisory Committee, this matter has been the subject of further study and will be considered by the Expert Committee on Post Adjustments at its 1963 session.

5. Under the revised system of salaries, New York was placed in class 4 (120) effective as from 1 January 1962. The Secretary-General states in paragraph 14 of his report that, on the basis of movements in the CPI index for New York since December 1961, the post adjustment index reached 125.1 for the month of August 1962 and 125.8 for September. It may be calculated that, if the post adjustment index stays at the September level for the months of October, November and December, a nine-month average of 125 would be achieved as of December 1962 and a change to class 5 would be justified for New York as from 1 January 1963. If the required nine-month average were not reached by December, then it almost certainly would be reached by January 1963, justifying class 5 as of 1 February 1963.

6. Thus in order to avoid the substantial delay and consequential retroactivity that would arise if this matter were postponed until the eighteenth session of the General Assembly, the Secretary-General suggests that he be authorized to implement class 5 for New York when it becomes justified under the post adjustment system, subject to his informing the Advisory Committee at the time of its implementation.

7. The Advisory Committee would observe that, in principle, funds should not be appropriated in the regular budget for what is strictly speaking a contingency. However, the Secretary-General's assumption that the cost-of-living index will at least stay at its September level during the following four months appears conservative, and the only alternative would be to incur the relevant expenditure under the resolution relating to unforeseen and extraordinary expenses with a request for corresponding supplementary appropriations at the eighteenth session of the General Assembly.

8. The Advisory Committee has repeatedly criticized recourse to that resolution for expenses which are neither unforeseen nor extraordinary and this case is neither one nor the other. It would therefore recommend approval of the Secretary-General's proposal and expect that later index figures will be available by the time the Fifth Committee approves the budget in second reading, thus making

it possible to determine the appropriation level on an even more solid basis. On the assumption that class 5 would be applied as of 1 January 1963, the cost would be \$463,000 under section 3. The Committee understands that a reduction of approximately one twelfth would arise, should the effective date be 1 February.

European Office, Geneva

9. In paragraphs 4-8 of his report (A/C.5/946), the Secretary-General recalls how a special index was established for international officials in Geneva because the Expert Committee on Post Adjustment had come to the conclusion that the Geneva Cantonal Index, unchanged since 1939, covered a basket of goods judged inappropriate for international civil servants. The principles underlying the recommendations of the Expert Committee were supported by the Advisory Committee and approved by the General Assembly at its fifteenth session.^{4/}
10. At its third session in April 1961, the Expert Committee approved a plan for the compilation of the special index for Geneva and noted that the Swiss Federal Office of Statistics had agreed to assume the responsibility for this work (A/4823/Add.2). When the Expert Committee met for its fourth session in April 1962, it examined a detailed report showing a compilation of the special index by the Federal Office of Statistics up to September 1961. On the basis of this examination of the details, the Expert Committee recommended certain changes in the methods used.^{5/} These recommendations, which have now been introduced into the calculations for March 1962 by the Federal Office of Statistics, resulted in a small reduction in the index figures which otherwise would have been obtained.
11. Meanwhile, under the revised system of salaries, Geneva had been placed in class 1 as from 1 January 1962, as the nine-month average of the post adjustment index had reached 106.5 in December 1961 on the new scale.
12. The Secretary-General indicates in paragraph 9 of his report that certain difficulties arise from the fact that the Geneva special index is compiled only twice a year, in March and September, and the figures normally become available

^{4/} Resolution 1582 (XV); see also Official Records of the General Assembly, Fifteenth Session, Annexes, agenda item 49, document A/4507.

^{5/} A/C.5/932, annex IV, paras. 15-17.

in April and October. Realizing the need for data in the nine months subsequent to the last month for which the special index would be available, the Expert Committee recommended that, for those months, extrapolations should be made from the last figure available in the special index series using for this purpose the month-to-month changes in the Geneva Cantonal Index (excluding the housing component).^{6/} On this basis, extrapolations from March 1962 indicate that the nine-month average reached 110 in October. However, if an interpolation is made on the assumption that the movement between the six monthly figures of the special index has been equally distributed over the intervening months between March and September 1962, it appears that level 110 was reached in November. Thus, as the Secretary-General has stated in paragraph 10 of his report, "an element of doubt is present as to the month in which the nine-month average reached the figure of 110".

13. The Governing Body of the International Labour Organisation and the Director-General of the World Health Organization have approved a class 2 post adjustment from 1 November 1962 since the figures compiled in accordance with the Expert Committee recommendations reached 110 in October 1962. Under the circumstances, the Secretary-General recommends that the same date should be adopted for the application of the class 2 post adjustment for United Nations staff in Geneva.

14. The estimated increased cost of applying a class 2 post adjustment in Geneva as from 1 November 1962 is as follows:

	<u>1962</u>	<u>1963</u>
	\$	\$
	<u>Section 3</u>	
Geneva Office, excluding UNECR	18,000	110,000
	<u>Section 20</u>	
United Nations High Commissioner for Refugees	3,500	21,000
	<u>21,500</u>	<u>131,000</u>

^{6/} Ibid., paras. 8 and 9.

15. The Secretary-General is of the opinion that the additional expenditures amounting to \$21,500 in 1962 can be met from within the totality of existing appropriations for section 3 for that year. Accordingly, he is limiting his request for additional credits to meet the 1963 requirements for Geneva to a total of \$131,000, of which \$110,000 would fall under section 3 and \$21,000 under section 20 of the 1963 budget.
16. While observing that, on statistical grounds, the effective date of class 2 could have been postponed by one month at a saving of nearly \$11,000, the Advisory Committee realizes that ILO and WHO have followed to the letter the recommendation of the Expert Committee on Post Adjustments. It notes that ECPA will be asked to review the relative merits of the two methods at its coming session in April 1963, and expresses the hope that the current element of doubt will thus be eliminated. The Advisory Committee is somewhat concerned at the widening gap between the Geneva Cantonal Index and the Geneva Special Index and it would suggest that the Expert Committee should consider this problem also at its next session. In this regard, it would recall a comment it made last year in a report on the same subject^{7/} to the effect that the budgetary implications of the adoption of the Special Index are of such magnitude as to have warranted prior submission not only to ECPA and ACC, but also to the General Assembly. Finally, in view of the recommendations which have been made for a strengthening of the International Civil Service Advisory Board (ICSAB), the Advisory Committee suggests that the review function now carried out by ECPA might well in future be brought into the framework of the reconstituted ICSAB.
17. Subject to the observations above, the Advisory Committee would recommend approval of the Secretary-General's proposal.

Conclusion

18. In the light of the considerations set out in the preceding paragraph, the Advisory Committee recommends that the General Assembly approve the changes in post classification proposed by the Secretary-General for Headquarters and Geneva as follows:

^{7/} Official Records of the General Assembly, Sixteenth Session, Annexes, agenda item 54, document A/5014.

- (a) Headquarters, New York, to be raised from class 4 to class 5 when it becomes justified under the post adjustment system, subject to the Advisory Committee being informed at the time of implementation, but on the assumption that the effective date will be not earlier than 1 January 1963 (cost, \$463,000 in 1963);
- (b) European Office, Geneva, to be raised from class 1 to class 2 effective 1 November 1962 (cost, \$21,500 in 1962 (to be absorbed) and \$131,000 in 1963).

19. Consequently, the Advisory Committee recommends that the following additional provisions be approved for inclusion under the 1963 budget: Section 3, \$573,000; Section 20, \$21,000.
