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REVIEW OF SALARY SCALES OF THE PROFESSIONAL AND HIGHER CATEGORIES
OF THE INTERNATIONAL CIVIL SERVICE*

Report of the International Civil Service Advisory Board

The report of the International Civil Service Advisory Board on its review of salary scales of the professional and higher categories of the International Civil Service (ICSAB/XIII/4) is attached for consideration by the General Assembly.

*Item 79 of the provisional agenda.

INTERNATIONAL CIVIL SERVICE ADVISORY BOARD
Thirteenth Session, Geneva, May 1965

REPORT ON
REVIEW OF SALARY SCALES OF THE PROFESSIONAL AND HIGHER
CATEGORIES OF THE INTERNATIONAL CIVIL SERVICE

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INTERNATIONAL CIVIL SERVICE ADVISORY BOARD

Thirteenth Session - Geneva, May 1965

Report on

Review of salary scales of the professional
and higher categories of the International Civil Service

FOREWARD

The first occasion on which the International Civil Service Advisory Board was asked to review the base salary scales for the Professional and higher categories of staff in the United Nations common system of salaries was in 1961. The request for that review had been made by the Administrative Committee on Co-ordination, as a result of a suggestion by the inter-governmental Salary Review Committee of 1956 that the Board would be a suitable body to make the periodic examinations necessary "to ensure that United Nations salaries be maintained in a reasonably correct relationship to comparable outside salaries having regard to cost-of-living movements and other factors, without necessarily awaiting a further comprehensive salary review".

At that time the terms of reference of the Board gave it no specific responsibility for salary reviews, nor had it any full-time staff of its own in a position to assist it in such reviews. The recommendations of the Board were accepted almost in their entirety by the General Assembly. In 1963 the terms of reference of the Board were, with the approval of the General Assembly, amended by ACC to give the Board continuing responsibility for, inter alia, "... review ... and recommendation ... on salaries and allowances of staff in the Professional and higher categories ...". Soon afterwards, the Secretary-General, with the agreement of the Board and of ACC, appointed as full-time Secretary to the Board an experienced senior official of one of the specialized agencies.

In July 1964, the executive heads of the organizations in the United Nations common system of salaries and allowances informed the Board that there was evidence that since the last year for which data were examined during the 1961 review - salaries in a number of international civil services had risen appreciably. Without wishing to prejudge the question whether these increases would warrant a revision of the base scales of the United Nations common system, the executive heads felt that a new review should be made, and sought the Board's advice on its scope.

The review itself was made by the Board during its thirteenth session, held in Geneva from 17-28 May 1965. Since revision of base scales would clearly entail consideration whether part of existing post adjustments should be consolidated, with a consequential need to revise the schedule of post adjustments, the Board invited the Chairman of the Expert Committee on Post Adjustments to participate in the review. This he did, and the Board wishes to record its appreciation of his co-operation.

During its session the Board examined written evidence presented by the executive heads and by the Federation of International Civil Servants' Associations. This was supplemented by oral statements and discussions during the session. The Board is indebted to the representatives of the Secretary-General of the United Nations, of the Director-General of the International Labour Organisation, the Food and Agriculture Organization, the United Nations Educational, Scientific and Cultural Organization and the World Health Organization, of the Secretaries-General of the International Civil Aviation Organization and the International Telecommunication Union, and to the representatives of FICSA for their assistance.

I. THE BACKGROUND TO THE REVIEW

In their approach to the Board in 1964 the executive heads recalled that the 1961 study covered salary movements in fourteen civil services and in several other professions in a number of countries. It had examined changes in total emoluments in a number of permanent missions in New York, and had examined movements of gross national product at constant prices in thirteen countries. In all, the preparation of the study had occupied more than one man-year of the time of Professional officials.

Judging by experience gained during the 1956 and 1961 reviews, the executive heads doubted whether there was any advantage in examining more than the movement of salaries since 1960, in terms of real income, in the public services of the headquarters countries. It seemed safe to assume that movements of public salaries followed, rather than led, the movement of salaries in outside occupations. The executive heads agreed that a second factor of potential importance was to be found in the level of emoluments which Member States paid to their own staffs in New York and Geneva. They observed, however, that in previous reviews few missions had been willing to provide details of their emoluments, and even when information had been obtained there had been difficulty in deciding what part of diplomatic service emoluments could fairly be compared with the remuneration of the international civil service. They felt that it might be easier to obtain data regarding changes in emoluments of missions since 1960 than full details of the emoluments themselves, and in any event said that if the Board wished to have information from permanent missions every effort would be made to get it. The executive heads' own view, however, was clearly that this would not be worth while.

To a large extent the Board was able in 1964 to agree with these suggestions. The 1949 Committee of Experts, which was the first to review United Nations scales, based its

recommendations for the senior grades partly on the level of remuneration in Member State missions at New York.^{1/} The Committee itself, however, drew attention to some of the factors which tended to invalidate comparisons between United Nations scales and diplomatic service emoluments, and neither the Advisory Committee on Administrative and Budgetary Questions nor the General Assembly in fact accepted the Committee's scales for level D.2 or above. The 1956 Committee, whose members were nominated by governments, was able to obtain limited data regarding delegation emoluments, but notwithstanding the fact that the latter appeared in many cases to have increased since 1950 to a greater extent than had salaries in the secretariats the Committee did not feel that this provided justification for increasing United Nations scales. Nor, in the Committee's view, did evidence of increases of real incomes outside the public services, since national civil services had not, generally speaking, up to that time, received increases commensurate with the increases in outside occupations.

9. While the Board recognized that circumstances might arise which would make it desirable to take into account the level of emoluments in foreign services - for example in the event of another comprehensive review of the whole system - it did not feel that there was need to do so on the present occasion. For one reason, turnover of staff in diplomatic posts tends to be more frequent than in secretariat posts, and the method of adjusting foreign service emoluments to changes in price levels - for example, through rent allowances - is often substantially different from the method used in the United Nations system. Data regarding changes in emoluments of missions since 1960 might well be more misleading than enlightening.

10. With respect to the question whether it should be necessary to obtain data on movement of salaries outside the public services, the Board had little doubt that, as the executive heads thought, it would be safe to assume that public service salaries lagged behind outside salaries. Nevertheless, the Board informed the executive heads that it would wish to have evidence, from at least some of the countries concerned, on the manner in which changes in salaries outside the public services were reflected in the public service salaries.

11. The Board agreed that the national services whose salary levels have the greatest impact on the level of United Nations salaries are - as the Salary Review Committee

^{1/} See Chapter II of the Committee's report: A/C.5/331

evidently thought - those of the headquarters countries, and in particular those of Canada, France, Switzerland, the United Kingdom and the United States of America. It felt, however, that the study could not be limited to the public services of those countries. It suggested that the public services of Japan, Nigeria and a third country from another region of the world should be included. The executive heads were, in the event, unable to obtain data from the third country, but the relevant information on Japan and Nigeria was supplied.

12. The Board also informed the executive heads that it assumed that if the factual conclusions of the study appeared to warrant some adjustment of salaries appropriate recommendations would be made to the Board.

13. In its 1961 review the Board was concerned only with the level of net salaries. At that time only the United Nations and the International Civil Aviation Organization had gross salary systems. Most of the other organizations in the common system have adopted the staff assessment plan, and at its nineteenth session the General Assembly, the recommendation of the Joint Staff Pension Board, decided that pensionable remuneration should be the gross salary. The Joint Staff Pension Board had, however, suggested that in these circumstances it would be desirable for ICSAB to examine gross salary levels well as net. In 1965, therefore, the executive heads drew the attention of the Board to the terms of the Joint Staff Pension Board report, and asked it to widen the review accordingly.

III. THE CRITERIA TO BE APPLIED IN DETERMINING THE APPROPRIATE LEVEL OF SALARIES FOR THE INTERNATIONAL CIVIL SERVICE

14. In its 1961 report^{2/} on salaries the Board recalled briefly the various criteria which had been used or suggested as a basis for determining or adjusting international civil service scales since 1920. It summarized evidence which proved that in many professions in many countries, including national civil services, there had been substantial increases in real income between 1955^{3/} and 1960 whereas the real value of secretariat salary scales and allowances had declined. It reached what appeared to it to be an unavoidable conclusion that there had been a relative worsening in United Nations conditions; and having regard to recruitment difficulties, of which the organizations produced abundant evidence, the Board recommended increases in scales

^{2/} ICSAB/X/7: issued to the General Assembly under symbol A/4823.

^{3/} The end of the period taken into account by the 1956 review.

which would have the effect, broadly speaking, of re-establishing the relationship which existed in 1957 (after the report of the Salary Review Committee) between United Nations salaries and those of the national public services which the 1956 Committee considered to be specially important in influencing United Nations salaries.

15. The Board is aware that when its report was discussed in the Fifth Committee of the General Assembly questions were raised as to the validity of the criteria accepted by the Board. The report of the Fifth Committee (A/4977) records inter alia that:

(a) "One representative questioned whether the earlier relationship with outside salaries should necessarily be continued and stressed the importance of maintaining a broad comparability between United Nations rates and rates in national and other international administrations ...";

(b) "Other representatives felt that the international civil service was sui generis and that no general conclusions could be drawn from a comparison of its conditions with those of any single national service. The essential criterion must necessarily be the ability of the organization to recruit and retain staff of the quality required by the Charter.";

(c) several representatives, though satisfied with the Board's conclusion that there were recruiting difficulties, "thought it might be possible to deal with the difficulties by selective rather than general increases."

16. Similar observations have been made in connexion with many previous reviews of international civil service salaries. They clearly represent tenable points of view, at least in terms of a general philosophy. It may therefore be useful to examine them in some detail, if only to clarify future discussion in legislative bodies.

17. Since 1920 there have been at least nine official reviews of the principles on which international salaries should be set, by experts or committees of experts. The criteria adopted by them have sometimes seemed inconsistent, but, as the Board pointed out in its 1961 report, there has in fact been one consistent thread of principle in them. That has been "the need to have conditions of service which will attract and retain staff of a high level of competence, and in some cases of the very highest quality from every part of the world". This principle is embodied in Article 101(3) of the Charter. There can therefore be no disagreement on this point.

18. But by itself this principle does not provide the answer to the question whether salaries need to be adjusted. It is an oversimplification to imagine that so long as organizations can recruit all the staff they need salaries need never be adjusted; or conversely that if they cannot recruit them salaries must be increased.

19. In present circumstances it is hardly necessary to consider the theoretical basis of salary adjustment on the assumption that there are no recruiting difficulties. In 1961 the Board was given a great deal of evidence of specific recruitment difficulties. During the present review it was informed that there had been a slight temporary easing after the 1962 salary increases but that by and large things were now much the same as before; some professions are difficult to recruit from any country and others are difficult to recruit from high salary areas. The latter problem is plain from the fact that, of all Professional staff employed outside North America by all the United Nations organizations, approximately 10 per cent only are of North American origin - a proportion well below the minimum of what, in the United Nations, is regarded as the "desirable range" for the region concerned.

20. In the Board's view, however, it would be unduly expensive to raise salary levels to the point where the organizations had no recruiting difficulties - if indeed those difficulties could be overcome by money alone, which is far from certain. It is widely recognized that in the world today there is a shortage of highly qualified persons in many fields of work. The international organizations are recruiting for an expatriate service, and frequently for jobs which do not provide much job satisfaction.^{4/} It would be surprising if there were no difficulties in recruitment, and illusory to believe that the measure of those difficulties is a sufficient guide to the adequacy or otherwise of salaries under the present system.

21. It is highly relevant that the organizations must "have due regard to the importance of recruiting the staff on as wide a geographical basis as possible". It is not enough in the Board's view, to say that there should be "a broad comparability between United Nations rates and rates in national administrations", because the latter vary enormously. The question is, if all staff are to be remunerated on the same basis - a matter which is further examined below - what should the basis be?

22. The Salary Review Committee of 1956 examined and rejected the possibility that staff of different nationalities might be remunerated at different rates. It is clear that such circumstances ordinary economic pressures would tend to produce a salary system in which the highest pay went to staff from the richest countries. The Board believes that the result would be to destroy any hope of creating a unified, independent international civil service, and would not recommend it.

^{4/} Vide paragraphs 38-47, Report of the Salary Review Committee, 1956.

23. Nevertheless, without going so far as to remunerate different nationalities differently, it is possible to visualize salary systems which are more selective than the common system. It would, for instance, be possible to segregate certain professions or specialities into separate categories. The existing General Service category was formed in this way, and its formation led to substantial economies. Those economies, however, resulted from the fact that the staff in the category ceased to be recruited on a world-wide basis. It thus became possible to establish salary scales for the category based on prevailing levels in the area of recruitment, instead of in the highest paid areas in the world. The 1949 Committee of Experts, in whose report the General Service category originated, proposed also that certain servicing type jobs should be segregated into a third Special Service category. The Committee assumed, however, that staff in this category would continue to be recruited on a world-wide basis. The scales which it proposed for the category were therefore the same as those for the Professional category.

24. In these circumstances, the creation of separate categories would achieve no more economy than could be achieved by a properly applied grading system, though the Board thinks that the third category would have administrative advantages in helping to delimit what are reasonable careers for the staff within it. The question whether all organizations have a satisfactory grading system is being pursued separately by the Board. In the context of the present report, the point which needs stressing is that the dominant factor in the determination of salary levels is the area from which the staff are to be recruited and the area in which they are subject to transfer.

25. This was recognized by the 1956 Committee, which suggested in effect^{5/} that the General Service category should be transformed into a Local Service category. A certain number of technical and servicing posts which are now in the professional category would have gone into the upper levels of the Local Service category. Staff in such posts would not have been liable to indefinite transfer away from their office. Scales of pay, at least for new recruits to such posts, could then have been fixed in the light of conditions in each region. But the result would have been a reduction in the number of posts subject to the widest geographical distribution, and for this reason the proposal was criticized in the Fifth Committee of the General Assembly and not adopted.

^{5/} A/3209, paragraphs 62-70.

26. The 1956 Committee also examined^{6/} the question whether some of the more highly paid professions should be segregated into a separate category to avoid the risk that all salary scales would tend to rise to the levels of the highest paid professions in the grades. During the present review the justification put forward for revised scales, as will be seen below, did not arise from pressure on a few highly paid professions. It stemmed from general increases over all the many types of post found in national civil services, and was based essentially on the principles adopted originally by the Noblemaire Committee of the League of Nations when it examined League salaries in 1920.

27. There are, however, unsatisfactory features about the manner in which the Noblemaire principle has thus far been applied in the United Nations system. They are examined briefly in paragraphs 61 to 66 below, in the Board's comment on the proposals of the executive heads. The Board was satisfied nevertheless that modifications of the principle itself might have far-reaching consequences which would have to be carefully considered before conclusions were reached. It felt that, having regard to outside pay increases since 1960, the Board would not be justified in recommending deferment of any increase in the salaries in the United Nations common system until such an examination could be made. It informed the organizations that it would make a thorough review of the principles in 1966. Meanwhile, the Board thought it right to conduct the present review on the basis of the principles which have been hitherto applied, and within the scope of the study agreed in 1964.

6/ Ibid., paragraph 61.

IV. THE VIEWS OF THE EXECUTIVE HEADS^{7/}The basis for adjustments

28. The proposals which the executive heads made to the Board for levels P.1 through D.2 were in principle based on the conclusions of the Noblemaire Committee. They entailed, essentially, restoring the margins between United Nations remuneration at the base of the common system (Geneva) and United States remuneration in New York to what it had been on 1 January 1962, except that a somewhat lower margin was proposed for levels D.1 and D.2. This lower margin took account of the fact that the corresponding 1964 United States civil service rates were closer to other rates in the United States than was the case in 1961. The executive heads recognized that the margins on 1 January 1962 were on the whole higher than they had proposed in 1961, but having regard to the evidence regarding the difficulty of recruiting staff from high-salary areas (see paragraph 19 above) and to the time lag between the movement of outside salaries and the reflection of that movement in United Nations salaries they thought that these margins were not excessive at the time. They pointed out that the 1964 United States civil service salary levels were based on outside rates prevailing in 1962. A new U.S. Bureau of Labor Statistics report covering outside rates in February-March 1964 showed that the latter were 7.1 per cent higher at the equivalent of grade GS-7, 7.4 per cent at GS-12 and 8.1 per cent at GS-15, as compared with 1962.

29. Specifically, the executive heads said that the order of magnitude of the increases which should be made in the October 1964 level of United Nations salaries plus post adjustment at Geneva was as follows: for convenience the table shows also (a) the increases proposed by ACC for the same levels in 1961 and (b) the margins between United Nations remuneration in Geneva and United States civil service remuneration at New York in January 1962 and October 1964:

^{7/} The position of ICAO in inter-organization salary co-ordination matters is determined by its permanent Council, which is also the appropriate legislative body to take action on any revision of salary scales for ICAO. Since the Council wished to have ICSAB's report before taking a position, ICAO reserved its position on the proposals put forward by the executive heads of the other organizations. References to "the executive heads" should therefore be construed as excluding ICAO.

Table 1

Proposals for approximate percentage increases compared with previous proposals and margins over remuneration of United States civil service at New York

Col.1	Col.2	Col.3	Col.4	Col.5	Col.6	Col.7
Level and grade	Executive heads' proposals		Margins expressed as indices: US = 100			
	1961	1965	SINGLE		MARRIED, NO CHILD	
	Per cent increase	Per cent increase	1.1.62	Oct.1964	1.1.62.	Oct.1964
GS 7-1 UN P.1-1	22	6	114	105	118	112 ^{8/}
GS 12-1 UN P.3-5	12	8	124	114	124	116
GS 14-1 UN P.4-5	12	10	113	102	111	102
GS 15-1 UN P.5-1	11	13	111	98	107	97
GS 16-1 UN D.1-1	12	13	116	100	110	96
GS 18 UN D.2 (max.)	11	11	128	108	119	99

30. In 1961, the executive heads proposed increases which were to be applied to the totals of base salary plus post adjustment for staff without dependants. On this occasion, having regard to the high proportion of staff with dependants, they discuss the matter in terms of such staff and put forward percentage increases which were to be applied to the totals of base salary plus post adjustment for them.

^{8/} At this level the United Nations dependency benefits are more favourable than those yielded by the United States tax system. Accordingly, the margin for married staff exceeds that for single.

31. They stressed that the case for increased scales rested, in their view, not on the fact that there had been increases in the United States civil service but on the fact that all but one of the civil services examined had had appreciable increases in real income. The United States civil service salaries had additional importance because they offered a measure for the appropriate overall level of United Nations remuneration. That being so, however, it was relevant to note that when in October 1964 the United States scales had been increased they had also been lengthened, in terms of years, by changing the incremental periods. Under the new arrangements, on all scales, the first three normal increments (to step 4) were annual, the second three were biennial, and any remaining steps were triennial. Thus the scales up to GS-15 covered an eighteen-year span; GS-16 covered fifteen years and GS-17 covered six years. The effect of the extension of the time-span of the scales had, however, been mitigated by provision for double increments on promotion and provision for merit increments for high quality performance in exceptional cases. These changes should be taken into account in any new United Nations scales.

Consolidation of post adjustment

32. The scales introduced on 1 January 1962 consolidated two classes of post adjustment corresponding roughly to consolidation of a 10 per cent cost-of-living increase. The executive heads suggested that any new scales adopted from 1 January 1966 should consolidate part of the existing post adjustment.

33. The initiative for the 1961/62 consolidation came from the Board, which proposed that the consolidation should consist of the incorporation of a 10 per cent post adjustment at the single rate into base salaries. To compensate for the loss (relatively speaking) which this would involve for staff with dependants, the Board proposed that the difference between the married and single rates of adjustment - which was approximately \$ 200 in the middle grades - should be added to the allowance for a dependant spouse, which became \$ 400 instead of \$ 200. The increase had the additional advantage of improving the pattern of dependency allowances, since previously the allowance for a wife had been less than the allowance for a child.

34. On the present occasion, however, the executive heads suggested that the consolidation should be based on the married rate of post adjustment. In so far as this would produce a greater increase for staff without dependants than for those who have dependants, they pointed out that the increase was in a sense the delayed payment of something already due on the basis of the cost-of-living figures. In other words,

if the cost of living increases 5 per cent the official with dependants now gets an increase of approximately 4.6 per cent, whereas the single official gets approximately 3.1 per cent. The executive heads thought that in any case it would be preferable to consolidate at the dependency rate rather than repeat the 1961 action, since a further increase in the spouse allowance would, at the lower grades, raise its amount to appreciably more than the amount yielded by outside tax reliefs.

35. In October 1964, the majority of duty stations had a post adjustment of class 3 (15 per cent) or higher. Geneva, the base, was at class 3; Rome was at class 4; New York, class 5 (25 per cent); Paris, class 7 (35 per cent). There was a case, therefore, for consolidating up to class 3 (15 per cent), but the executive heads suggested that it would be preferable to consolidate only 10 per cent. One reason for the limitation was that three headquarters areas - London, Montreal and Vienna - were not yet at class 3. A more important one concerned the actuarial effect of consolidation upon the Pension Fund.

36. Post adjustment as such is not pensionable. Periodically, however, the base pensionable remuneration of the staff is increased by a percentage which corresponds to the percentage increase of the weighted average of post adjustment at all headquarters and regional offices. By 1 January 1965 a 5 per cent increase in pensionable remuneration had become effective, and shortly afterwards the movement of the weighted average since the base date reached 10 per cent. This 10 per cent increase will be applied to pensionable remuneration with effect from 1 January 1966. Consolidation of three classes of post adjustment (15 per cent) would therefore increase the level of pensionable remuneration at a faster rate than would the normal course of events.^{9/} The actuarial liabilities of the Fund will in any event increase if the base scales are increased in real terms, but it remains true that the greater the part of remuneration which remains as post adjustment the less the burden on the Fund.

37. On the other hand, as the Board pointed out in its 1961 report on salaries, salary scales are less attractive for recruiting purposes if too great a part of the remuneration is excluded from the base scales. Taking everything into account, the executive heads suggested that (a) for reasons of financial prudence the extent of consolidation should not exceed the percentage of post adjustment which is in effect already pensionable, but (b) base scales should be revised more frequently (without necessarily changing total remuneration) by more frequent consolidation.

^{9/} The Board was subsequently informed that by January 1966 the increase in the weighted average would be nearer 15%. This objection therefore lost much of its force, and the organizations said they could agree to consolidation of three classes.

Suggested approximate net scales for levels P.1 through D.2

38. Assuming that two classes of post adjustment would be consolidated into new base scales, increases of the order of magnitude shown in paragraph 29 above would yield approximate net scales as follows:

	<u>approximate new net scales</u>	<u>Present scales (including two post adjustment classes at married rate)</u>
P.1	\$ 5,550 - 7,350	\$ 5,232 - 6,886
P.2	7,150 - 9,250	6,682 - 8,600
P.3	8,800 - 11,700	8,132 - 10,758
P.4	10,700 - 13,700	9,722 - 12,404
P.5	13,100 - 16,000	11,586 - 14,204
D.1	14,800 - 17,300	13,088 - 15,682
D.2	17,300 - 18,500	15,682 - 16,768

The rates of staff assessment

39. The executive heads took the view, which they believed to be in accordance with the reasoning of the 1959 Pension Review Group, that whether the United Nations gross scales were reasonable for pension purposes depended essentially on whether the rates at which the net scales were grossed up - i.e. the staff assessment rates - were reasonable in relation to the national tax rates which would be applied to the pensions after retirement, with the proviso that in the Professional category it would be inappropriate to take account of high rates of national taxation in countries where gross salary levels were substantially lower than those of the United Nations. The salaries of the General Service staff, on the other hand, varied by locality and, except in New York, were not influenced by United States salary levels. Up to a gross salary level of about \$8,000 a year, therefore, the appropriate level of staff assessment should, the executive heads thought, probably be based on some kind of average of the national tax rates. Account should also be taken of the fact that in the General Service grades there was likely to be a rather higher proportion of staff with no dependants at the time of retirement. Above the \$8,000 level, staff were almost entirely in the Professional or higher categories. In all grades in these categories there was a majority of staff with dependants, and the majority was large in the grades from which most staff were likely to retire.

40. Having regard to these considerations, the executive heads agreed that if the new net scales of pay which they proposed were grossed up on the basis of existing staff assessment rates, the resulting gross scales would be relatively high for pension purposes. (The comparison between the existing rates and the national tax rates is shown in Tables 6A and 6B of Annex A). Accordingly, they suggested a reduction in rates to the following:

First \$1,000 of gross income	-	5%
Next 1,000 " " "	-	10%
" 1,000 " " "	-	15%
" 1,000 " " "	-	20%
" 6,000 " " "	-	25%
" 6,000 " " "	-	30%
" 8,000 " " "	-	35%
" 8,000 " " "	-	40%
" 8,000 " " "	-	45%
Remaining gross income	-	50%

41. The resulting pattern of assessment is shown in table 2 below, which compares the new rates on each gross salary level with (a) the present rates, (b) the average rates (single and married) in the seven headquarters countries, and (c) the United States rates for the same salary levels.

Table 2

Comparison of proposed new assessment rates with present assessment and various national tax rates

Gross income	Assessment or tax as percentage of gross income					
	Existing UN	Proposed UN	Average HQ countries Married	Average HQ countries Single	United States Married	United States Single
1,000	10.0	5.0				
2,000	12.5	7.5	5.3	9.8	4.8	10.7
3,000	13.3	10.0	9.2	13.6	8.4	13.4
4,000	15.0	12.5	11.7	15.9	10.8	15.2
5,000	16.0	15.0	13.6	17.9	12.4	16.5
6,000	16.7	16.7	15.6	19.7	13.7	17.8
8,000	18.8	18.8	18.1	22.5	15.8	20.0
9,000	19.4	19.4			16.5	21.1
10,000	20.5	20.0	20.5	24.7	17.2	22.1
12,000	22.2	21.7	22.4	26.6	18.8	24.0
14,000	23.9	22.8	24.2	28.5	20.0	25.9
16,000	25.6	23.7	25.5	30.0	21.3	27.8
18,000	27.2	25.0	27.1	31.5	22.6	29.7
20,000	28.8	26.0	28.4	32.9	23.8	31.6
22,000	30.2	26.8	29.6	34.2	25.3	33.8
24,000	31.7	27.5	30.8	35.4	26.7	36.0
26,000	33.1	28.4	31.8	36.5	28.0	38.0
28,000	34.3	29.2	32.8	37.6	29.3	39.9
30,000	35.3	30.0	33.8	38.6	30.5	41.6

42. From the table it can be seen that in the salary range of \$6-9,000 gross there would be no change. The assessment rates at these levels are fairly close to the tax rates in the seven headquarters countries for married persons without children; are also between the United States tax rates for single and married persons, though

somewhat nearer to the single rate. The executive heads thought that they could therefore be justified on merits, and the absence of change offered the advantage that the reduced assessment rates at lower levels need not necessarily be introduced at the same time as the reduced assessment rates at the higher levels. This was important because unless reductions in staff assessment rates for General Service staff were introduced simultaneously with changes in pay scales they would result in unjustified increases in net pay. In practice, therefore, the application of the new rates below about \$8,000 gross would have to be staggered according to circumstances in each locality.

43. At the higher levels the proposed new rates up to \$14,000 are about half-way between the United States single and married rates. Thereafter they become progressively nearer the United States married rates, and at \$26,000 or above are virtually the same as those rates.

The proposals for new gross scales, levels P.1-D.2

44. As stated in paragraph 31 the executive heads said that any new scales should take account of the fact that their proposals regarding minima and maxima were based on comparisons with United States scales which had been lengthened as compared with the position in 1960. They agreed that there was a case for lengthening the time-span of the scales. A start had been made with this process in 1961, when the Board recommended, and the General Assembly agreed, that the increased scales of 1961 should not be accompanied by an increase in the amount of the increments. This had the effect of increasing the numbers of the steps in the scales. The executive heads suggested that there should now be a further lengthening of the scales for levels P.1 through P.4 by one step by the method adopted in 1962, namely, maintaining the amount of the increment at approximately the existing figure. The longer scales would not slow down the advancement of staff with potentialities for promotion but they would be useful for other officials with more limited possibilities.

45. Some organizations thought that this additional step should be an annual increment. Others thought that it would be desirable to provide that the additional step, or perhaps even the last two or three increments in each of the scales for levels P.1 through P.4, should be biennial, both for administrative purposes and because of the extent of the lengthening of the United States scales with which comparisons had been made.

46. The organizations also had differing views with respect to the P.5 and the D.1 scales. Except in one organization, the last three increments of D.1 are now biennial; all the increments of P.5 are annual. The rules of some organizations provide that any increment to a salary above \$18,500 gross shall be biennial, this figure being between step 4 and step 5 of D.1. The rules of others provide that increments to step 5 of D.1 and above shall be biennial. Three organizations suggest to the Board that the last two or three increments in all grades through D.1 should be biennial. Most organizations, however, thought that if account was taken of the consolidation of post adjustment, the increases in scales and the changes in staff assessment, the appropriate figure above which increments should be biennial in the P and D.1 scales should be \$21,500. The effect of this would have been to make the last four increments in D.1 and the final increment in P.5 biennial. One organization has reservations about the principle of introducing biennial increments below level D.1 and considered that the first three increments at that level should continue to be annual. The executive heads said that they would welcome the Board's opinion on the matter.

47. As regards level D.2, they believed that having regard to the fact that the median age for promotion or appointment to D.2 was approximately forty-seven, there would be some advantage in lengthening the scale from four to six years. This would necessitate a reduction of the amount of the increment, but in view of the proposed increase in salary such a reduction appeared to be reasonable.

48. Although there was some disagreement over the periodicity of the increments, there was agreement on the figures themselves. On the basis of the reduced staff assessment rates proposed in paragraph 41, the executive heads suggested that the appropriate grades would be:

P.1	-	\$ 6,750	x	\$280	-	\$ 9,270	(i.e. 10 steps, or 9 increments)
P.2	-	\$ 8,900	x	\$310	-	\$12,000	(" 11 " " 10 ")
P.3	-	\$11,070	x	\$360	-	\$15,390	(" 13 " " 12 ")
P.4	-	\$13,800	x	\$430	-	\$18,530	(" 12 " " 11 ")
P.5	-	\$17,400	x	\$500	-	\$21,900	(" 10 " " 9 ")
D.1	-	\$20,000	x	\$650	-	\$23,900	(" 7 " " 6 ")
D.2	-	\$24,000	x	\$650	-	\$25,950	(" 4 " " 3 ")

49. The exact net figures which would be derived from these gross scales are as follows (the tentative net scales suggested in paragraph 38 above are repeated for comparative purposes):

	<u>Exact net</u>	<u>Tentative net</u>
P.1	\$ 5,563 - \$ 7,453	\$ 5,550 - \$ 7,350
P.2	\$ 7,175 - \$ 9,400	\$ 7,150 - \$ 9,250
P.3	\$ 8,749 - \$11,773	\$ 8,800 - \$11,700
P.4	\$10,660 - \$13,844	\$10,700 - \$13,700
P.5	\$13,110 - \$16,035	\$13,100 - \$16,000
D.1	\$14,800 - \$17,335	\$14,800 - \$17,300
D.2	\$17,400 - \$18,570	\$17,300 - \$18,500

50. The executive heads proposed also that present staff should enter the new scales on the usual "step-for-step" basis. Staff now in, say, P.1 step 9 (the present maximum) would go into the new step 9, not the new maximum, which would be step 10.

The Under-Secretary and Assistant Director-General level

51. Adjustment in the remuneration of the career service as suggested above would call for an adjustment in the remuneration at the Under-Secretary or Assistant Director-General level. This was, in the view of the executive heads, in any case warranted by the increases granted to the top ranks of the national services. The Director-General of the ILO, however, thought that it was inappropriate for him to make specific proposals to the Board, whereas the other executive heads suggested that the salary level concerned should be increased to \$32,000 gross, yielding \$22,200 net with the proposed new rates of staff assessment.

52. In October 1964 the salary of the Under-Secretary or Assistant Director-General, plus two classes of post adjustment, was \$19,340 net. The corresponding total at the maximum of D.2 was \$16,768. If the latter was increased to \$18,570, as proposed, the net figure for the Under-Secretary would have to be raised to \$21,152 to maintain the same net difference. At the proposed new staff assessment rates, a figure of \$21,152 net would mean a gross salary of \$30,250; the gross difference between Under-Secretary and D.2 would then be \$4,300. It was suggested, however, that the difference between the two levels was too small to reflect the difference in responsibility. With a figure of \$32,000 gross, or \$22,200 net, the difference over the maximum of D.2 would be \$6,050 gross and \$3,630 net, as compared with present differences of \$4,700 gross and \$2,572 net.

Suggested new schedule of post adjustments

53. The consolidation of two classes of post adjustment into the base salaries would mean that all United Nations cost-of-living indices on 1 January 1966 would be reduced by 100/110. It would also mean that a 5 per cent increase above the new base would represent a slightly larger increase than it did before (it would in effect be 5 per cent of 110 on the old basis). A new schedule of post adjustments would therefore be required. The executive heads considered that since outside salaries were, in general, rising faster than the cost of living, it was necessary to continue the system by which United Nations salaries are at least not allowed to fall behind the cost of living.

54. The principles upon which the existing schedule is based were approved by the General Assembly on the recommendation of the Expert Committee on Post Adjustments. They take account of the fact that from 8 to 9 per cent of net salary is paid as pension contribution and not immediately affected by variations in local cost of living. On the remainder, which is affected, the post adjustments give full compensation to married staff in the lower grades and approximately 85 per cent of full compensation to married staff in the highest grades. Staff without dependants receive two-thirds of the adjustment paid to married staff on the same base salary.

55. If account is taken of the decision of the General Assembly that pensions should be based on full gross, and the resulting higher pension contributions, the new post adjustments should represent a slightly lower percentage of salaries than do present post adjustments; the difference should be about one-tenth of 1 per cent. The executive heads accordingly proposed a new schedule of post adjustments for areas where the cost of living was higher than that at the base. The amounts for each 5 per cent increase in the cost of living would be approximately the following percentages of the net base salary for the grade and step of the official. The existing percentages are shown for comparative purposes:

	<u>P.1</u>	<u>P.2</u>	<u>P.3</u>	<u>P.4</u>	<u>P.5</u>	<u>D.1</u>	<u>D.2</u>	<u>U/S</u>
New percentage	4.5	4.4	4.4	4.3	4.2	4.1	3.9	3.9
Existing "	4.5	4.5	4.5	4.4	4.4	4.2	4.0	4.0

56. In the case of staff without dependants, the amounts of post adjustment would, as at present, be two-thirds of the amounts for staff with dependants. Where minus adjustments were to be applied the schedule of minus adjustments would (for both single and married staff) be the same as the "plus" schedule for single staff, as it is at present.

The overall effect of the proposals

57. The United Nations cost-of-living index at Geneva in October 1964 stood at approximately 119, on the base of April 1960 = 100. A class 3 (15 per cent) post adjustment was payable. If, therefore, two classes of the adjustment had been incorporated into the base scales, the index would have been reduced to approximately 108 and a class 1 post adjustment at the new rate would have been payable in addition to the new base salary. Similarly, at New York, where the index stood at 129, a new class 3 adjustment would have been payable. In consequence, had the proposed new conditions been in force in October 1964 they would have resulted in the following percentage increases in remuneration at the mid-points of the scales:

	<u>P.1</u>	<u>P.2</u>	<u>P.3</u>	<u>P.4</u>	<u>P.5</u>	<u>D.1</u>	<u>D.2</u>	<u>U-S</u>
Geneva	5.9	8.2	8.2	10.7	13.5	10.8	9.2	14.6
New York	6.9	9.0	9.0	11.5	14.2	11.5	9.6	14.9

58. The gross base scales would be increased by a smaller percentage than would the net, as a result of the proposed reduction in staff assessment rates.

59. Assuming that the proposed scales became effective 1 January 1966, four years after the last revision of base scales, the extra cost on the regular budgets in 1966, over the twelve organizations in the United Nations common system, was estimated at approximately \$7.5 million net in respect of salaries, plus \$1.5 million in respect of higher pension contributions and other common staff costs.

60. Annex B shows the relationship which would have existed in October 1964 between United States Federal civil service remuneration at New York and United Nations remuneration at Geneva had the rates proposed then been in force. The indices there shown may be compared with the indices of the relationship at January 1962 as follows:

Table 3

Proposed United Nations remuneration at Geneva as a percentage of United States Federal civil service remuneration at New York in October 1964, compared with relationship at January 1962

	<u>January 1962</u>		<u>October 1964</u> <u>on basis of proposals by</u> <u>the executive heads</u>	
	<u>Single</u>	<u>Married,</u> <u>no children</u>	<u>Single</u>	<u>Married,</u> <u>no children</u>
P.1-I	113.9	118.1	115.4	119.2
P.3-V	124.1	123.7	126.2	125.1
P.4-V	113.4	110.8	116.6	112.9
P.5-I	111.1	107.4	114.3	109.2
D.1-I	115.9	110.4	115.8	108.7
D.2 (maximum)	128.3	119.3	122.6	110.2

V. OBSERVATIONS AND RECOMMENDATIONS OF THE BOARD

General Observations

61. In paragraph 28 the Board stated that, while having certain doubts about the way in which the Noblemaire principle has thus far been applied in the United Nations system, it thought it right to accept the principle for the purpose of the present review. By itself, however, the principle merely means that the remuneration of internationally recruited staff, at Geneva, should be based on salaries of the highest paid home civil service, adjusted for expatriation and cost-of-living differences between Geneva and the country where the highest civil service salaries are paid - that is, at present, the United States.

62. The quantum by which such remuneration should exceed the highest civil service salaries has never been laid down, nor can it be rigidly determined, since circumstances change. The executive heads agreed that the margins which were accepted in 1920 could not be justified today. Within the last ten years the basis on which civil service salaries are fixed in certain countries has changed. In the United States, in particular, as a result of the Salary Reform Act of 1962, federal civil service salaries are now, except at the top levels, broadly in line

with those in private business. This development is of particular importance because under the Noblemaire principle the country with whose civil service salaries comparison should be made is the United States. It gives reason to suppose that margins which may have been appropriate in 1961 would be too high now. It is at least arguable that since the cost of living at Geneva for international staff is some 15 per cent cheaper than at New York the salary scales of the highest paid civil service - with no margin - should be sufficient to recruit and retain in Geneva staff from any area, except perhaps those from the United States and Canada. For them, the United Nations cost-of-living comparisons for international officials may not be appropriate as between Geneva and N.America.

63. In the United Nations system, moreover, the operation of the post adjustment system in conjunction with the Noblemaire principle leads to anomalies and possibly to inappropriate results. For example, in New York, Paris and Rome the cost of living is higher than in Geneva. Additional post adjustment is therefore paid in these cities. This leads to the result that a United States, French or Italian staff member receives higher remuneration while working in his own country than when he is working in Geneva.

64. Such results are clearly illogical, and tend to defeat the whole argument for a compensation at Geneva which provides an expatriation inducement for staff from other areas. They may be unavoidable results in a system which is necessarily imperfect because of its multi-national and complex character. The Board felt, however, that further examination would be desirable of two possible forms of selectivity.

65. The first of these would be the reintroduction of a system of expatriation allowances. The original system, in force up to 1950, was abolished on the recommendation of the 1949 Committee, after having been subjected to much previous criticism in the Advisory Committee on Administrative and Budgetary Questions and the General Assembly. Its reintroduction would raise a number of complex problems which the Board was unable to examine fully during its relatively short session. The matter is not a simple one.

66. The second is the possibility of distinguishing between staff who in practice - as distinct from theory - are transferable and transferred from one duty station to another as a normal part of their service.

67. Two members of the Board suggested that decisions on the salary scales should be deferred until these problems could be studied in more detail than was possible at the thirteenth session. They drew attention to the need to take into account the whole complex of problems involving recruitment, promotion, conditions of employment and the very structure of the international civil service. It was within this framework that the salary problem should be considered, as only one of the aspects of the general conditions of service in international organizations. They also felt that in view of the financial difficulties that the United Nations was at present experiencing, nothing should be done to increase that burden until the difficulties were solved.

68. One of the members also proposed that the Board should review the problem of the tenure of appointments in the international service. He pointed out that the seven-year contract system of the League of Nations had many advantages in allowing for a better geographical distribution at the Professional and higher levels. The Board felt that this point was not directly related to the consideration of the salary levels, but agreed to consider, when deciding its future programme of work, the possibility of re-examining the matter. It recalled that it had examined the question partially in 1950/51, but a further study might be desirable.

69. By whatever method salaries are fixed, it is not necessarily the case that they must be increased every time the scales of the highest paid civil service in the region of recruitment are increased. The latter can be no more than convenient bench-marks. In the long run they cannot be ignored, but on a particular occasion there may be grounds for not following their movement. In the Board's view, the justification for a revision of scales must rest chiefly on the movement not of one but of several of the higher paid national services. Increases in the lower paid national home services will not normally constitute any justification for increases in international scales.

Observations and recommendations on the scales for levels P1-D2

70. When the executive heads approached the Board in 1961 they took a logical position as regards the appropriate margins. They said that the 1956 Committee had adopted the pragmatic test of recruitment to determine whether scales were adequate. The executive heads had agreed in 1957 that the scales then recommended were "just sufficient" to permit recruitment at Geneva, but had added a warning that any relative worsening would result in serious difficulties. The scales recommended by the 1956 Committee, though arrived at by the test of recruitment possibilities, did in fact provide certain monetary margins over United States civil service scales. The executive heads argued, therefore, that so long as those margins were maintained it should be just possible - but no more - to obtain the staff needed.
71. The evidence supported this case, which the Board was able to accept: it even increased slightly the proposed maxima for levels D.1 and D.2. Between May 1961, however, when the Board made its report, and January 1962, when the new scales became effective, the margins over the United States widened appreciably. This resulted partly from the fact that an unexpectedly rapid rise in the Geneva cost of living led to a post adjustment being granted from 1 January 1962, and partly from the fact that the Expert Committee on Post Adjustments recommended a modification of the post adjustment schedule. The modification increased the post adjustment for staff in higher grades or higher cost areas by reducing the regression in the system.
72. Too much importance should not be attached to the margins on a particular date, because the United Nations and the national services obtain their increases on different dates. For example, although on 1 January 1962 the United Nations margins over the United States were higher than the Board would have thought reasonable, by October 1962 - when there were increases in United States salaries - the relationship was back to approximately what the Board proposed in 1961.
73. In their 1965 proposals the executive heads suggested that the 1962 margins should be restored up to level P.5. At D.1 and D.2 they agreed that lower margins would be appropriate, since the 1964 United States salaries at these levels were much closer to outside rates than had been the case in 1960. The executive heads' proposals were related to circumstances as at October 1964, but could not in practice have become effective until 1 January 1966. The amount to be paid at 1 January 1966, therefore, would be what they regarded as appropriate to October 1964, plus any increase in post

adjustment which became due as a result of the rise in the cost-of-living index up to January 1966.

74. The Board noted, however, that the actual figures put forward by the executive heads would in practice, as of October 1964, have slightly widened the margins over the United States by comparison with January 1962, except in D.1 and D.2. This widening was essentially an accidental result of the complex process of constructing salary scales, which entails working from approximate net figures to their exact gross equivalents and then to suitably rounded and balanced gross figures and finally back to the exact net figures. The final position can, however, be summarized as follows:

Table 4

United Nations net remuneration (Geneva) as a percentage
of United States net salaries (New York)

	<u>January 1957</u> ^{10/}	<u>ACC proposal</u> <u>1961</u> ^{11/}	<u>January 1962</u> ^{11/}	<u>Executive heads'</u> <u>proposals 1964</u> ^{11/}
P.3(V)	115	119	124	125
P.4(V)	106	107	111	113
P.5(I)	102	102	107	109
D.1(I)	107	106	110	109
D.2 (max.)	109	110	119	110

75. The Board observed also that the scales up to level D.1 proposed by the executive heads were substantially shorter than the new scales in the United States civil service, with which all the comparisons were made. While, as stated in paragraphs 45 and 46 above, the organizations differed somewhat among themselves with respect to the appropriate length, most of them contemplated scales covering nine or ten years for levels P.1 and P.5, and eleven, twelve and thirteen years for levels P.2 to P.4. The United States scales, on the other hand, cover eighteen years up to what the executive heads have treated as the equivalent of P.5, and sixteen years at the D.1 equivalent. One United Nations grade, moreover, usually covers a wider span than one United States grade. The executive heads drew attention to the differences, and rightly stressed that the direct comparisons are difficult because there is more overlapping in the United States scales, while rates of promotion and other factors affect the true

^{10/} For single staff. Up to 1956 salaries were discussed in terms of single staff. The Board is satisfied that it is more realistic to discuss them in terms of married staff with no children.

^{11/} For married staff with no children.

comparisons in practice. Nevertheless, it would be misleading to compare a maximum reached in ten years with one that is reached in fifteen.

76. Finally, the Board notes that although the relationships are based on the same job comparisons as were used in the 1956 and 1961 reviews there has never been a thorough examination to see whether those comparisons were correct. The staff associations suggested that in certain respects the comparisons were unfavourable to the staff; one member of the Board, on the other hand, thought they might be favourable. Since the organizations have now embarked upon a serious grading study, the Board believes that it is desirable and possible to make a much needed review of the relativities to clear away doubts. This review should be undertaken by representatives of the U.N. organizations jointly in consultation with experts from the United States government service.

77. The Board proposes to re-examine these questions more fully in 1966, together with the questions referred to in paragraphs 61-66. Meanwhile, in the Board's view some adjustment of remuneration is necessary. Present United Nations base scales are in some cases well below those of the United States civil service, and in some of the higher grades the total remuneration at Geneva is below. The Board was informed that the recruitment position was much as it was in 1961. In all the circumstances the Board is of the opinion that some adjustment should not be postponed merely because certain aspects need further enquiry.

78. The Board is not unaware that there is a serious financial problem in one organization. It feels, however, that, while the Board must clearly bear this problem in mind it should leave it to the legislative body to decide what weight to give to it. Two-thirds of the staff concerned, in any event, are in the other eleven organizations. The Board can only deal with the merits of the question of remuneration as such.

79. On this basis it considers that as of October 1964 the evidence presented to the Board would support, in terms of the Noblemaire principle, increases of about two-thirds of the percentages proposed by the executive heads (see col. 3, table 1, paragraph 29).

80. In principle it is desirable that a salary revision should bring the base city to a zero post adjustment. This would entail a consolidation of three classes of post adjustment at Geneva. The increases proposed by the Board, applied to a three-class consolidation, would yield new gross scales approximately the same as those proposed by

the executive heads, who, however, had proposed to consolidate only two classes, with larger increases. Under the Board's proposals therefore the consolidation of the third class of post adjustment would have no adverse effect on the Pension Fund, and the Board recommends the consolidation of three classes. The gross base scales resulting from the Board's proposals and those of the executive heads may be compared as follows:

Table 5
Comparison of gross base scales resulting from
Boards' proposals and the proposals of
the executive heads

Grade	Board (including consolidation of three classes of post adjustment)	The executive heads (including consolida- tion of two classes of post adjustment)	Number of steps in scale in both cases
	\$	\$	
P.1	6,920 by 280 - 9,440	6,750 by 280 - 9,270	10
P.2	9,050 by 310 - 12,150	8,900 by 310 - 12,000	11
P.3	11,270 by 360 - 15,590	11,070 by 360 - 15,390	13
P.4	13,900 by 430 - 18,630	13,800 by 430 - 18,530	12
P.5	17,400 by 500 - 21,900	17,400 by 500 - 21,900	10
D.1	20,000 by 650 - 23,900	20,000 by 650 - 23,900	7
D.2	24,050 by 650 - 26,000	24,000 by 650 - 25,950	4

81. It must be stressed that the scales proposed by the Board consolidate three classes of post adjustment. Those of the executive heads consolidate only two. Under the executive heads' proposals one additional class of post adjustment would have remained payable. Under the Board's there would have been none, as of October 1964. The reduction proposed by the Board, in other words, would take effect through a reduction of post adjustments. Net figures are shown in table 7.

82. The question of the periodicity of the increments (see paragraphs 46 and 75 above) will be examined by the Board when it studies the matters referred to in paragraphs 76-77 above. Meanwhile, all increments up to step 4 of level D.1 should be annual. Above that they should be biennial.

The salaries for the unclassified posts

83. The executive heads (with the exception of those of ILO and ICAO - see paragraph 51 above and footnote 7) proposed a new base salary of \$32,000 gross for the Under-Secretary level. Their justification was that the present difference between this level and the maximum of the career service was insufficient to mark the difference in responsibility. The difference in base scales has, however, remained reasonably constant since 1946, though, in the United Nations, there was originally a greater difference in respect of representation allowances than now exists.

84. It appears to the Board that a base salary of \$32,000 gross would be excessive in relation to comparable salaries in national services. It is true that at this level there is more need in many cases, but not all, to have regard to the level of emoluments in diplomatic services. In those services, however, the greater part of the emoluments usually consists of allowances rather than base salary. The Board suggests that the right course, in the United Nations organizations, is to establish the base salary at \$30,000 gross but where the legislative body is satisfied that heavy representational responsibilities exist it should make provision for appropriate representation allowances.

85. The legislative bodies will also no doubt take whatever action they deem appropriate with respect to posts above the level of Under-Secretary or Assistant Director-General. It is desirable that the various organizations should act consistently.

The pattern of increases

86. The Board noted that the pattern of increases proposed by the executive heads ranged from 6 per cent at P.1 to 13 per cent at the maximum of P.5, and 11 per cent at D.2. Under the proposals of the Board they would range from 4½% at P.1 to 8½% at P.5, then declining to 7% at D.2 and 4½% at the Under-Secretary level.

87. The Board ascertained that the reason why the executive heads had proposed varying increases was that the pattern corresponded broadly with the pattern of increases in national government services. In 1961, the executive heads also followed the outside governmental pattern and proposed much larger increases in the lower grades than the higher. The Board accepted those proposals.

88. It is not possible, without doing serious damage to the inter-grade relationships and hierarchical responsibilities, always to ensure that lower grades receive proportionately greater increases than the higher. The pattern of increases must be decided in the light of outside changes. On this occasion, the position of the higher grades of the Professional category in terms of the Noblemaire principle, was certainly worse than the lower. The Board was therefore satisfied that the pattern was justifiable.

89. It should in any case be noted that if the 1961 adjustments are considered in conjunction with the executive heads' proposals the cumulative effect would be to produce an increase in real income since 1957 which is virtually the same percentage at all grades. The position is shown by the following table:

Table 6

Increases in United Nations real income by grade at Geneva since 1957
which would result from proposals of the executive heads
(expressed as indices, 1957 = 100)

Grade	SINGLE		MARRIED, NO CHILDREN	
	Minimum of scale	Maximum of scale	Minimum of scale	Maximum of scale
P.1	123	119	127	122
P.2	119	117	122	120
P.3	116	117	119	120
P.4	116	116	119	119
P.5	119	116	122	118
D.1	118	115	120	117
D.2	111	118	113	120

90. The recommendations of the Board would have the effect of reducing the percentage increases in real income over the nine years to about 20 per cent at the maximum of P.1 and 17 per cent at the maximum of D.2. Such increases are not in the Board's view, excessive in the light of increases in national government services over the same period of nine years.

New schedule of post adjustments

91. The executive heads' proposals for a new schedule of post adjustments were appropriate in the context of the present system. The modifications of base scales suggested by the Board would entail slight changes in the figures, and a revised schedule is at Annex C. Where payrolls are prepared by computer or similar equipment, the Board would see no objection to paying post adjustments as an exact percentage of net base salary as in paragraph 55 above.

92. As stated in paragraph 63, the Board feels that the operation of the post adjustment system - assuming that Geneva remuneration is at the correct level - produces a level of remuneration in some other areas which prima facie must be regarded as excessive for non-expatriate staff. There is no obvious or easy way of remedying this situation at present. The enquiries which the Board is to make (see paragraph 65 above) may possibly find a solution. The Board proposes also to examine the question whether some system of more frequent revision of base salaries, on the basis of outside movements, could lead to the elimination of, or at least a reduced dependence on, post adjustment.

The post adjustment index at Geneva and the position at 1 January 1966

93. In October 1964 the United Nations cost-of-living index at Geneva stood at 119.^{12/} Under the executive heads' proposals, with a two-class consolidation, this index would have to be adjusted to 100/110ths of 119, or 108. One class of post adjustment would have been theoretically payable at October 1964, and by 1 January 1966 two classes would be payable.

94. Under the Board's proposals, with a three-class consolidation, there would have been no post adjustment as at October 1964, since the index would be adjusted to 100/115ths of 119, or 103.5.

^{12/} The Expert Committee on Post Adjustments has raised a question whether this figure is correct, and is making a further enquiry into the matter. The outcome of its enquiries may affect the figure slightly, but will not affect the Board's recommendations.

95. If, however, Geneva is regarded as having a new base scale appropriate to October 1964, with no post adjustment, there are grounds for suggesting that the cost-of-living index at Geneva at that date should be regarded as being a new base of 100. If this were done, the effect would be to defer, perhaps by four to six months, the date on which a new class I post adjustment would become payable at Geneva.

96. In principle, since Geneva is the base, the Board believes that when new base scales are adopted the index should be simultaneously adjusted to a new base of 100. On the other hand, the scales proposed by the Board must be regarded as appropriate to October 1964, but cannot in practice become effective before 1 January 1966. It is reasonable, therefore, that the actual payment on 1 January 1966 should take account either of the cost-of-living rise between October 1964 and December 1965, or, alternatively of the rise in outside salaries over the same period.

97. If account is merely taken of the cost-of-living rise, the next salary review will have to take account of salary increases since October 1964. If, on the other hand, the salaries paid at 1 January 1966 take account of outside salary increases to the same date, the next review need take account only of outside salary increases after that date.

98. It appears to the Board to be desirable to avoid, so far as possible, time-lags in the adjustment of the United Nations common system salaries. In principle, the new base salary could have been regarded as justified at October 1964, but retroactivity is not in practice possible. It is all the more necessary, therefore, to relate new scales to the latest available data regarding outside movements.

99. In this connexion the Board noted that in 1965 United States net civil service salaries had increased by between one and two per cent as a result of further tax reductions. Additional pay increases, averaging 3 per cent, have also been proposed, to be effective 1 January 1966. Comparable increases have been granted in at least two other national services among those whose salaries the Board examined (see para. 11). There was also other evidence to suggest that over the period of fifteen months from October 1964 to January 1966 outside salaries could be expected to rise by about 4 per cent.

100. The Board concluded, therefore, that as from 1 January 1966 it would be reasonable to establish the U.N. common system salaries at about 4 per cent higher than the level regarded as appropriate to October 1964. The Board would have wished to consolidate the additional amount into the base scales, but believes that such action might entail

an undue actuarial burden on the Pension Fund. It therefore proposes that Geneva remuneration on 1 January 1966 should consist of the base scales recommended in paragraph 80 above, plus one class of post adjustment.

101. The Geneva cost-of-living index on 1 January 1966 should therefore be deemed to be exactly 105, at an exchange rate of 4.32 Swiss francs to \$1 (U.S.); Indices at other offices should be adjusted accordingly, in the light of principles established by the Expert Committee on Post Adjustments. The Chairman of that committee said that the Committee would welcome these recommendations.

102. The next salary review should take account only of outside salary movements after 1 January 1966.

The staff assessment rates and the level of pensionable remuneration

103. In making its recommendations for the adoption of full gross the Joint Staff Pension Board said: ^{13/}

"The Board noted that staff assessment rates had been reduced in 1962 with a view to bringing United Nations gross salaries into line with comparable outside rates as they stood at that time. It also noted that all except two of the smaller organizations ... had now adopted a staff assessment plan. The Board therefore felt that the conditions suggested by the Pension Review Group as the basis for full gross had been sufficiently met ... The Board believed however that it was important that United Nations gross rates should continue to be reasonably in line with outside gross rates. It therefore suggested that ACC ask ICSAB to review, during 1965, not only whether United Nations net base salaries are appropriate in relation to outside net salaries but whether the United Nations gross salaries are appropriate in relation to outside gross salaries prevailing in the main headquarters countries. It would then be possible to decide whether any further changes are needed in staff assessment rates in order to make the United Nations gross rates fully suitable for pension purposes."

104. The Board has examined the new rates of staff assessment proposed by the executive heads in relation to national tax rates. It has also examined the level of gross pensionable salaries in a number of national services, in the light of the observations of the 1959 Pension Review Group which first proposed the adoption of the gross basis for pensionable remuneration. It recommends that the new rates of staff assessment should be accepted, and believes that the resulting gross scales are appropriate for the purposes of the Pension Fund. The system by which base pensionable pay is increased in accordance with the movement of weighted average post adjustment should - since a

^{13/} Paragraph 27, JSPB/R.179(XII).

three-class consolidation is proposed - recommence with a new base date of 1 January 1966. The weighted average at that date, in other words, should become the new base and only increases after that date count for increase.

105. The new rates of staff assessment should be applied to General Service staff as and when occasion arises to revise their net rates of pay.

The effect of the Board's recommendations

106. Annex D sets out the process by which the Board arrived at its proposed gross scales and shows the exact net figures for the minimum and maximum of each scale. The net figures for intervening steps can be calculated by the secretariats.

107. The following table compares what would be the remuneration at Geneva on 1 January 1966 for a married man with no children under (a) the existing system, if left unchanged (b) the proposals of the executive heads, (c) the proposals of the Board. It must be borne in mind however that in levels P.1, P.2, P.3, P.4 and D.2 the new scales would contain one more step than the old. Direct comparison of the old and new maxima in these cases therefore overstates the increase which serving staff would receive as the immediate result of adoption of the new scales, since entry to the new scales would be on the usual step-for-step basis.

Table 7

Comparison of net remuneration at Geneva on 1.1.66
under various assumptions (for married man with no children)

Grade and step	Existing system with no change (inclusive of four old post adjustments)	Proposals of executive heads (inclusive of two new post adjustments)	Board's proposals		
			Base salary	One new post adj.	Total
P.1 Min.	\$ 6,064	\$ 6,467	\$ 6,090	\$ 252	\$ 6,342
P.1 Max.	7,862	8,525	7,980	336	8,316
P.2 Min.	7,634	8,223	7,687	324	8,011
P.2 Max.	9,720	10,616	9,906	420	10,326
P.3 Min.	9,204	9,917	9,289	384	9,673
P.3 Max.	12,046	13,205	12,313	528	12,841
P.4 Min.	10,914	11,996	11,130	468	11,598
P.4 Max.	13,788	15,444	14,310	600	14,910
P.5 Min.	12,922	14,638	13,510	564	14,074
P.5 Max.	15,708	17,779	16,435	672	17,107
D.1 Min.	14,496	16,448	15,200	624	15,824
D.1 Max.	17,234	19,127	17,735	696	18,431
D.2 Min.	17,234	19,192	17,832	696	18,528
D.2 Max.	18,416	20,434	19,000	732	19,732
U/S	21,180	24,304	21,400	820	22,220

108. A table reflecting the position on a single day cannot truly reflect the position throughout the year. Thus, under both the existing system and the executive heads' proposals it is likely that an additional post adjustment would be payable during 1966. Under the Board's proposals no additional post adjustment would be payable until some time in 1967, assuming that the index does not rise at a faster rate than it has done over the past year. The Secretariat has been asked to prepare tables showing, for each grade and step, the exact amounts of remuneration at Geneva and New York on the existing and proposed bases.

109. If allowance is made for the difference in the dates when the next post adjustment would become payable, then table 7 understates the extent of the reductions which will flow from the Board's recommendations taking 1966 as a whole. Precise calculations cannot be made because the post adjustment position at other duty stations cannot yet be known. An approximate estimate of the saving, as compared with the executive heads' recommendations, is \$3,000,000. The executive heads' estimate of \$9,000,000 may have understated somewhat the true extra cost of their proposals since it took no account of the increased costs arising on post adjustments becoming due after 1.1.66.

VI. SUMMARY OF THE BOARD'S PROPOSALS

110. New base scales should be established by consolidating three classes of existing post adjustment at dependency rates, and adding to the total percentage increases of approximately two-thirds of those proposed by the executive heads. The gross scales will thus be:

Grade	Gross Base Scale
P.1	\$6920 by 9 increment of \$280 to \$9440
P.2	\$9050 by 10 " " \$310 to \$12150
P.3	\$11270 by 12 " " \$360 to \$15590
P.4	\$13900 by 11 " " \$430 to \$18630
P.5	\$17400 by 9 " " \$500 to \$21900
D.1	\$20000 by 6 " " \$650 to \$23900
D.2	\$24050 by 3 " " \$650 to \$26000

111. The gross base salary for Under-Secretary should be increased to \$30,000. Where necessary, appropriate representation allowances should be paid also.

112. Staff assessment rates should be revised, concurrently with the adoption of the new scales, to:

First \$1,000 of gross income	-	5%
Next 1,000 " " "	-	10%
" 1,000 " " "	-	15%
" 1,000 " " "	-	20%
" 6,000 " " "	-	25%
" 6,000 " " "	-	30%
" 8,000 " " "	-	35%
" 8,000 " " "	-	40%
" 8,000 " " "	-	45%
Remaining gross income	-	50%

The new rates should be applied to General Service staff as and when occasion arises to revise their net salaries.

113. With effect from 1 January 1966, staff in the Professional and higher categories at Geneva should be paid on the appropriate new scale, with a class 1 post adjustment at the rates in Annex C. The cost-of-living index at Geneva should be regarded as 105 on 1 January 1966, as though the entitlement to the post adjustment had just arisen. The indices at other duty stations should be recalculated in relation to this figure, in accordance with principles determined by the Expert Committee on Post Adjustments.

114. The Board will at its 1966 session undertake a review of the principles which should underlie the establishment of salaries for the international civil service in present conditions. It will examine also the practical application of any principles that may be regarded as appropriate, including all relevant questions, such as

- the possible extension of the General Service category (which might modify the application of the principle of geographical distribution without necessarily changing the overall composition of the staff);
- the possibility of reintroducing expatriation allowance;
- the possibility of dividing the Professional category into two -
 - (i) staff who genuinely are subject to transfer (for a part of present staff transfer is only a theoretical risk);
 - (ii) those who are not;
- the possibility of eliminating or at least reducing the use of time-to-time indices for post adjustments in favour of more frequent reviews and adjustment of base salary.

A number of other related matters which are mentioned in the Board's report will be examined at the same time. The Board realizes that these are complex questions. It intends to carry their examination to a conclusion, but this may require more than one session.

ANNEX A

SUMMARY OF THE EVIDENCE PRESENTED TO THE BOARD

(a) Evidence from the organizations

1. The Board was provided by the organizations with reports on:
 - (a) the conclusions of all previous reviews of international civil service salary scales since 1920 so far as concerns the criteria to be applied in determining appropriate levels of remuneration;
 - (b) the methods by which national civil service salaries were set or adjusted in Canada, Switzerland, the United Kingdom and the United States of America;
 - (c) the increases since 1960 in home civil service salaries in these four countries and also in France, Japan and Nigeria;
 - (d) the origins and development of the staff assessment plan, and current rates of income tax in the headquarters countries.
2. From the first of these reports the executive heads^{1/} drew the conclusion that the principle first enunciated by the Noblemaire Committee of the League of Nations had at a subsequent reviews been recognized as valid; that is, the remuneration of the international civil service must be based on the net salaries of the highest paid home civil service among Member States, adjusted to take account of cost-of-living difference and the expatriation factor.
3. From the second, they concluded that there was justification for the common assumption that the salaries of national civil services are based on rates prevailing in outside employment, and that there is a time-lag - sometimes of two years - between increases in such outside salaries and their reflection in public service salaries.
4. In the third report, the executive heads showed that in all except one of the national services examined there had been, since 1960 (the last year for which outside salaries were taken into account for the purpose of the 1961 salary review), increases in salaries which in many cases substantially exceeded the increase in the cost of living in the countries concerned.

1/ The position of ICAO in inter-organization salary co-ordination matters is determined by its permanent Council, which is also the appropriate legislative body to take action on any revision of salary scales for ICAO. Since the Council wished to have ICSAB's report before taking a position, ICAO reserved its position on the proposal put forward by the executive heads of the other organizations.

j. Detailed information was provided on the gross (before tax) and the net (after tax) salaries for typical grades in the national services. The position as regards net monetary incomes may be summarized as follows:

Table 1

1964 net remuneration as a percentage of 1960 net remuneration in the home civil services of Canada, France, Japan, Nigeria, Switzerland, the United Kingdom and the United States of America

Country	% cost-of-living increase 1960-64	Junior rank		Intermediate		Senior rank	
		Single	Married	Single	Married	Single	Married
Canada	4.7	99-113	100-112	110	108	119-124	118-122
France	15.0	131		133		137	
Japan	10.3	160	160	159	159	136	136
Nigeria	4.8	100	100	100	100	100	100
Switzerland	15.5	134		123	130	126	129
United Kingdom	14.4	131	132	134	133	138	137
United States	6.7	114	115	120	120	125	129

6. Expressed as indices^{2/} of real net income - that is, the percentage increase in net money income divided by the percentage increase in the relevant cost-of-living index over the same period - the position may be summarized as follows:

Table 2

Indices^{2/} of 1964 real net remuneration (1960=100) in the home civil services of Canada, France, Japan, Nigeria, Switzerland, United Kingdom and United States of America

Country	Junior rank		Intermediate		Senior rank	
	Single	Married	Single	Married	Single	Married
Canada	96-109	98-107	106	103	114-119	113-118
France	114		115		119	
Japan	141	141	140	140	120	120
Nigeria	95	95	95	95	95	95
Switzerland	115		106	113	109	111
United Kingdom	113	112	117	116	117	116
United States	107	107	112	113	117	121

^{2/} An index of, for example, 114 indicates that over the period real net income has increased by 14 per cent.

7. From the information provided on the manner in which civil service pay is established in Canada, Switzerland, the United Kingdom and the United States it was reasonably sure that in the first three of these countries the 1964 level of salaries was based on data relating to outside salaries in 1963 at the latest. The October 1964 salaries of the United States civil service were based on outside salaries in the early part of 1962.

8. Since United Nations base scales were last revised, on the other hand, the real value of United Nations remuneration had fallen very slightly in the case of married staff (because post adjustment is not applied to dependency allowances) and somewhat more in the case of single staff (because post adjustment in their case did not give full compensation for cost-of-living increases). The reductions were not significant, but in terms of real income the national services had fared appreciably better, in a relative sense, than the secretariats.

9. The figures for percentage changes in real income tended to exaggerate the extent of the relative decline, because in some of the countries listed the home base salary was a good deal lower than the corresponding United Nations salary. Nevertheless, even if a comparison was made of the absolute amounts of increases received by national services and the United Nations respectively, it appeared that in France, Switzerland, the United Kingdom and the United States the increases had on the whole been larger than those in the United Nations. This was particularly so in the case of the senior ranks. In Canada also the increases in the highest ranks had exceeded those in the United Nations. The junior and middle ranks in Canada had received smaller dollar increases than the United Nations at Geneva, but the cost-of-living rise in Canada was approximately 5 per cent as compared with approximately 15 per cent in Geneva; the Canadian increases exceeded what the United Nations would have had for a 5 per cent cost-of-living rise.

10. Precise comparisons were not possible because of uncertainty regarding the equivalence between United Nations grades and those of national services, but the relative change between United Nations conditions and those of the United States civil service could be shown with reasonable accuracy by using the same grading comparisons as were used in the last two salary reviews. Whether the grading equivalents were exact or not would not affect the matter greatly. The details given were as follows:

Table 3

Comparison of net dollar increases in remuneration of the United States Federal civil service at New York between 1960-64 with the amounts by which United Nations remuneration at Geneva in 1964 exceeded the scales recommended by ICSAB in 1961

	<u>United States, New York</u> (6.7% increase in cost of living)		<u>United Nations, Geneva</u> (15% increase in cost of living)	
	<u>Single</u>	<u>Married</u>	<u>Single</u>	<u>Married</u>
Junior grade	\$ 627	665	432	648
Intermediate grade	1,516	1,661	792	1,188
Top career grade	3,137	4,008	1,248	1,872

Table 4

United Nations remuneration at Geneva as a percentage of United States Federal civil service remuneration at New York

	<u>January 1962¹</u>		<u>October 1964</u>	
	<u>Single</u>	<u>Married</u> <u>no children</u>	<u>Single</u>	<u>Married</u> <u>no children</u>
P.1-I	113.9	118.1	105.3	112.1
P.3-V	124.1	123.7	113.6	115.9
P.4-V	113.4	110.8	102.5	102.2
P.5-I	111.1	107.4	98.1	96.6
D.1-I	115.9	110.4	99.7	96.1
D.2 (maximum)	128.3	119.3	107.8	99.5

Over all the secretariats of the organizations in the common system the number of staff with dependants exceeded, in all grades of the Professional or higher categories, the number of staff without. The proportions by grade were given as:

Table 5

Percentage by grade of staff with dependants

<u>P.1</u>	<u>P.2</u>	<u>P.3</u>	<u>P.4</u>	<u>P.5</u>	<u>D.1</u>	<u>D.2</u>
59	71	78	87	94	93	91

¹ The figures in these columns show United Nations, Geneva, remuneration at January 1962 as a percentage of United States New York remuneration at October 1960 (i.e. the figure used by the Board for comparative purposes in its 1961 review).

The executive heads thought, therefore, that the relevant comparison was that relating married staff with no children. On this basis it could be said broadly that in relation to United States civil service salaries there had since 1962 been a decline in United Nations conditions ranging from 6 per cent at the minimum of P.1 to 20 per cent at the maximum of D.2.

12. In considering this relative decline, account should be taken of the fact that the level of United Nations remuneration at Geneva on 1 January 1962 was, for staff without dependants, about 5 per cent higher than the amount recommended by the Board in 1961. This was the result of a rise in the Geneva cost-of-living index, which led to a class post adjustment being granted on 1 January 1962, when the new scales were introduced. There was, in the view of the executive heads, no practicable method by which the relationship between United Nations remuneration and that of national services could be kept constant between salary reviews. If national service remuneration remained constant, the movement of cost-of-living indices, with the virtually automatic system of post adjustment was likely in present circumstances to increase the margin between United Nations salaries and the national salaries. This was some compensation for the fact that, in general, salaries in national services were likely to reflect increases in real income in outside occupations before United Nations salaries do. In October 1962, for example, the United States civil service salaries had been increased by from 5 to 15 per cent; by that date therefore, the relative position of the United Nations was at some grades less favourable than the Board suggested in 1961.

13. The executive heads pointed out that the large relative decline in conditions at level D.2 (vis-à-vis the United States service) was largely attributable to the fact that the United States Federal Salary Reform Act of 1962 for the first time provided by law that United States civil service salaries should be based on the principle of comparability with outside rates of pay in comparable occupations. In consequence, the salaries of the top grades of the service received much larger increases in 1964 than did the lower grades. Staff assessment rates

14. With respect to the question of staff assessment rates, ACC recalled that existing rates of staff assessment had been introduced in 1962, simultaneously with the new pay scales. The revision, which represented a reduction in the rates, was a result of the comments of the Pension Review Group in its 1960 report. The delay until 1962 resulted from the fact that any reductions in staff assessment had to be made at the same time as it was possible to justify increases in net salaries. The review covered national tax rates in the six headquarters countries in which large numbers of staff were serving.

15. Since 1962 there had been changes in national tax rates, including reductions in so important cases. The comparison between existing staff assessment rates and the 1964 tax rates in the seven headquarters countries was given in two tables as follows:

Table 6A

Comparative rates of income tax (1964) and staff assessmentSingle

Gross income	UN staff assessment %age	Tax as percentage of gross income in 1964 in:							Average 7 countries
		Austria	Canada ^{4/}	France	Italy ^{5/}	Switzerland ^{6/}	United Kingdom	United States ^{6/}	
\$									
2,000	12.5	21.9	5.0	6.6	5.6	7.1	13.0	10.7	9.8
3,000	13.3	27.6	7.9	9.7	7.9	10.2	18.7	13.4	13.6
4,000	15.0	30.5	10.1	12.0	9.4	12.8	21.6	15.2	15.9
5,000	16.0	33.0	11.8	14.9	10.9	14.9	23.3	16.5	17.9
6,000	16.7	35.9	13.5	17.1	12.3	16.9	24.4	17.8	19.7
8,000	18.8	40.5	16.0	20.0	14.8	20.2	25.8	20.0	22.5
10,000	20.5	43.3	18.4	23.5	16.9	22.3	26.7	22.1	24.7
12,000	22.1	45.1	20.7	25.9	19.1	24.0	27.6	24.0	26.6
14,000	23.9	46.4	23.1	27.8	22.3	25.1	28.5	25.9	28.5
16,000	25.6	47.4	25.2	29.1	24.0	26.3	30.4	27.8	30.0
18,000	27.2	48.2	27.4	30.1	25.6	27.2	32.3	29.7	31.5
20,000	28.8	48.9	29.1	31.8	27.0	27.9	34.1	31.6	32.9
22,000	30.2	49.7	30.6	33.1	28.5	28.4	35.9	33.8	34.2
24,000	31.7	50.4	31.8	34.2	29.6	28.9	37.6	36.0	35.4
26,000	33.1	50.9	32.8	36.2	30.8	29.3	39.2	38.0	36.5
28,000	34.3	51.4	34.0	36.0	31.4	29.7	40.8	39.9	37.6
30,000	35.3	51.9	35.1	36.6	32.3	30.0	42.2	41.6	38.6

4/ Canadian Federal tax without the rebate in respect of Provincial tax - i.e. in effect, Federal and Provincial tax together.

5/ Includes withholding tax, Progressive Complementary tax and Rome City tax.

6/ Swiss taxes taken as Geneva income tax plus Federal defence tax.

United States taxes taken as Federal plus New York state tax.

Table 6B

Comparative rates of income tax (1964) and staff assessments

Married, no children

Gross income	UN staff assessment %age	Tax as percentage of gross income in 1964 in:							Average count ⁷
		Austria	Canada ^{4/}	France	Italy ^{5/}	Switzerland ^{6/}	United Kingdom	United States ^{6/}	
\$									
2,000	12.5	14.3	0.0	1.5	5.6	3.3	7.6	4.8	5.3
3,000	13.3	19.7	3.3	4.9	7.9	6.5	14.4	8.4	9.2
4,000	15.0	22.4	5.9	6.4	9.4	9.1	18.3	10.8	11.7
5,000	16.0	25.0	8.1	8.0	10.9	11.6	20.7	12.4	13.6
6,000	16.7	27.8	9.8	9.5	12.3	13.3	22.3	13.7	15.6
8,000	18.8	32.4	12.8	12.5	14.8	16.1	24.2	15.8	18.1
10,000	20.5	35.1	15.4	15.6	16.9	18.0	25.4	17.2	20.5
12,000	22.1	36.9	17.8	17.9	19.1	19.6	26.5	18.8	22.4
14,000	23.9	38.2	20.2	19.9	22.3	20.9	27.6	20.0	24.2
16,000	25.6	39.2	22.7	21.1	24.0	22.0	29.4	21.3	25.5
18,000	27.2	40.0	24.9	22.2	25.6	23.0	31.5	22.6	27.1
20,000	28.8	40.7	26.9	23.6	27.0	23.7	33.2	23.8	28.4
22,000	30.2	41.5	28.5	24.9	28.5	24.3	34.9	25.3	29.6
24,000	31.7	42.1	29.9	26.0	29.6	24.8	36.7	26.7	30.8
26,000	33.1	42.7	31.1	26.9	30.8	25.3	38.3	28.0	31.8
28,000	34.3	43.2	32.2	27.7	31.4	25.6	39.9	29.3	32.8
30,000	35.3	43.6	34.0	28.4	32.3	25.9	41.3	30.5	33.8

6. The executive heads pointed out that at the higher levels staff assessment rates were 13 per cent higher than the average married tax rates in the headquarters countries, and 5-20 per cent higher than the United States married rates. They were at all points above 10,000 lower than the United States single rates, and from \$ 10-26,000 they were lower than the average single rates in the headquarters countries.

(b) The views of the Federation of International Civil Servants' Associations

17. The Federation of International Civil Servants' Associations submitted its views to the Board in a written memorandum. This was supplemented by oral statements which its representatives made at several of the Board's meetings, and by discussions during those meetings.

18. FICSA dealt mainly with matters of principle, and while appearing to feel that ACC's proposals were too conservative, did not put forward alternative figures. It stressed the cumbersome nature and resulting slow pace of salary reviews in the United Nations system, and the substantial time-lag between movement of non-governmental salaries outside the organizations and the adjustment of United Nations scales. It saw no imperative reason why revision of United Nations scales should have to wait until the outside movements had first been reflected in national civil service salaries. It thought also that too little weight had been given to the expatriation factor, and that comparisons with home civil service salaries did not provide a satisfactory basis for review of United Nations scales. Comparisons should also be made with the emoluments of diplomatic personnel. Differences between such personnel and United Nations staff were, if anything, less than the differences between home civil services and the United Nations, and the expatriation factor probably bore more heavily on most United Nations staff than it did on foreign service personnel, since the latter usually had spells of duty at home between assignments abroad.

19. FICSA noted that the increases proposed by ACC, coupled with those approved in 1961, produced a practically level percentage increase in the scales of all grades from P.1 to D.2, as compared with 1960 scales. This it thought was satisfactory, but it suggested that in principle all adjustments of scales, except perhaps on the occasion of comprehensive reviews, should be by way of such level percentage increases. To do otherwise was to change the relative position of grades which reflected the internal hierarchical needs of the organizations, and FICSA thought this was undesirable in interim reviews. The Federation pointed out that some governments, though not all, followed this principle. It did not, however, suggest any method by which level increases should be determined if the pattern of increases outside varied from one grade to another.

20. FICSA also said that the system of dependency allowances in the organizations was unsatisfactory and thought that it might be improved if the staff assessment

plan could be operated more like a national income tax system. The Federation recognized that this, and many of its other suggestions, came too late to be taken into account in this particular review, the scope of which was limited. It hoped, nevertheless, that they would be taken into account in the next review. It felt also that in between reviews it should be possible to devise some system by which scales could be revised more or less automatically on the basis of an indicator reflecting the movement of outside salaries.

21. With specific reference to the ACC proposals, FICSA suggested that any new scales should incorporate the whole of the post adjustment at the base city, and not merely two classes. This would do something to minimize the time-lag in the adjustment of United Nations scales. Although it was not in a position to present any statistics, FICSA was convinced that the organizations had considerable recruiting difficulties, which were overcome only by devices such as granting steps above the minimum or even by higher grades. Very little use appeared to be made of level P.1 for recruitment. FICSA doubted if the new scales proposed would overcome the difficulties.

22. Finally, FICSA objected to the proposals of ACC that the new scales should cover a longer period of years than the present scales, either by the addition of steps or by making some steps biennial. It thought that such action was simply a device to take pressure off personnel problems which had nothing to do with a limited salary review; the place to deal with these problems was in the study of career prospects which the Board was making.

ANNEX B.

RELATIONSHIP WHICH WOULD HAVE EXISTED IN OCTOBER 1964 BETWEEN UNITED NATIONS NET REMUNERATION AT GENEVA AND UNITED STATES FEDERAL CIVIL SERVICE AT NEW YORK HAD UNITED NATIONS SCALES BEEN AS PROPOSED BY EXECUTIVE HEADS

Level	SINGLE		MARRIED, NO CHILD		MARRIED, 2 CHILDREN	
	Amount \$	Index US=100	Amount \$	Index US=100	Amount \$	Index US=100
US GS-7 step 1	4,967		5,216		5,485	
UN P.1 step 1	5,731	115.4	6,215	119.2	6,815	124.2
US GS-12 step 1	7,961		8,467		8,779	
UN P.3 step 5	10,045	126.2	10,589	125.1	11,189	127.5
US GS-14 step 1	10,471		11,316		11,687	
UN P.4 step 5	12,208	116.6	12,780	112.9	13,380	114.5
US GS-15 step 1	11,803		12,894		13,320	
UN P.5 step 1	13,486	114.3	14,074	109.2	14,674	110.2
US GS-15 step 10	14,317		16,187		16,673	
UN P.5 maximum	16,483	115.1	17,107	105.7	17,707	106.2
US GS-16 step 1	13,135		14,559		14,999	
UN D.1 step 1	15,216	115.8	15,824	108.7	16,424	109.5
US GS-16 step 9	15,422		17,690		18,211	
UN D.1 maximum	17,799	115.4	18,431	104.2	19,031	104.5
US GS-18	15,550		17,873		18,401	
UN D.2 maximum	19,058	122.6	19,702	110.2	20,302	110.3

ANNEX C

NEW SCHEDULE OF POST ADJUSTMENTS TO CORRESPOND
WITH NET SALARIES DERIVED FROM THE GROSS SCALES
PROPOSED BY THE BOARD 1/

(DEPENDENCY RATES FOR EACH 5 PER CENT ABOVE BASE)

	P.1	P.2	P.3	P.4	P.5	D.1	D.2	U-S and above
Step 1	\$ 252	324	384	468	564	624	696	816
2	264	336	396	480	576	636	708	
3	264	336	408	492	588	648	720	
4	276	348	420	504	600	660	732	
5	288	360	432	516	612	672		
6	300	372	444	528	624	684		
7	300	372	456	540	636	696		
8	312	384	468	552	648			
9	324	396	480	564	660			
10	336	408	492	576	672			
11		420	504	588				
12			516	600				
13			528					

1/ As indicated in paragraph 91 of the Report, the Board would see no objection to payment of post adjustment as an exact percentage of salary as in para. 55.

ANNEX D

BASIS OF COMPUTATION OF GROSS SCALES PROPOSED BY BOARD

Grade and step	Existing net base salary plus 3 post adjustments	Percentage increase ^{1/}	New net total	Exact gross equivalent	Suitably adjusted gross figure ^{2/}	Exact net equivalent on new scale
	\$		\$	\$	\$	\$
D.1 min.	5,448	4.5	5,693	6,924	6,920	5,690
D.1 max.	7,174	5.4	7,561	9,415	9,440	7,580
D.2 min.	6,958	4.9	7,298	9,064	9,050	7,287
D.2 max.	8,960	6.1	9,506	12,151	12,150	9,506
D.3 min.	8,468	5.0	8,891	11,273	11,270	8,889
D.3 max.	11,202	6.3	11,907	15,581	15,590	11,913
D.4 min.	10,118	6.4	10,765	13,950	13,900	10,730
D.4 max.	12,896	7.7	13,889	18,598	18,630	13,910
D.5 min.	12,054	8.7	13,101	17,386	17,400	13,110
D.5 max.	14,756	8.6	16,025	21,885	21,900	16,035
D.1 min.	13,592	8.7	14,774	19,960	20,000	14,800
D.1 max.	16,258	7.1	17,413	24,021	23,900	17,335
D.2 min.	16,258	7.3	17,445	24,075	24,050	17,460
D.2 max.	17,392	7.1	18,627	26,045	26,000	18,600
Under-Sec.	20,060	4.5 ^{3/}	21,007 ^{3/}	30,012	30,000	21,000

- / Taken as approximately two-thirds of the increase which would have resulted at the same grade and step under the executive heads' proposals.
- / Minor adjustments are needed at minimum and maximum in order to make the span of the scale accommodate the requisite number of appropriate increments.
- / The proposed salary for Under-Secretary was derived by adding to the new maximum for D.1 the amount of the present net difference (\$2380) between the net base maximum of D.2 (and the net salary of the Under-Secretary (\$17900)