



General Assembly

Distr.
GENERAL

A/C.5/45/29
2 November 1990

ORIGINAL: ENGLISH

Forty-fifth session
FIFTH COMMITTEE
Agenda items 118 and 127

PROGRAMME BUDGET FOR THE BIENNIUM 1990-1991

UNITED NATIONS COMMON SYSTEM

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission (A/45/30)

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

INTRODUCTION

1. The sixteenth annual report of the International Civil Service Commission (ICSC) 1/ contains a number of decisions and recommendations that have financial implications for the biennium 1990-1991, related to the following issues (the reference paragraphs in the ICSC report are indicated in parentheses):

(a) Comprehensive review of the conditions of service of staff in the Professional and higher categories, including:

- (i) Housing and remuneration structures (paras. 58-98);
- (ii) Conditions of service of the Assistant Secretary-General and Under-Secretary-General and equivalent levels (paras. 110-124);

(b) Remuneration of staff in the Professional and higher categories: base/floor salary scale (paras. 195-208);

(c) Conditions of service of the General Service and related categories, including:

- (i) Survey of best prevailing conditions of service in London (para. 221);

- (ii) Survey of best prevailing conditions of service in New York (para. 222);
- (iii) Survey of best prevailing conditions of service in Rome (para. 223);
- (iv) Implications of the decisions arising from the comprehensive review of conditions of service of the Professional and higher categories for the General Service and related categories, including:
 - a. Children's allowance in respect of disabled children (para. 235 (a));
 - b. Application of the mobility and hardship allowance and the assignment grant to internationally recruited General Service staff (para. 235 (b) and (c));
- (d) Education grant (paras. 240-253);
- (e) Conditions of service of the Field Service category (paras. 254-270).

I. COMPREHENSIVE REVIEW OF THE CONDITIONS OF SERVICE OF STAFF
IN THE PROFESSIONAL AND HIGHER CATEGORIES

A. Housing and remuneration structures

2. In section I.A of its resolution 44/198 of 21 December 1989, the General Assembly urged the Commission to complete its consideration of all issues relating to the introduction of a revised remuneration structure for the United Nations system, including its impact on the housing needs of staff at hardship duty stations. ICSC established a Working Group to review all outstanding issues related to remuneration structure, including the impact of removing housing from post adjustment. The Group examined three alternative remuneration structures.

3. On the basis of the report of its Working Group, the Commission recommended that housing should be maintained in the post adjustment system at headquarters, North American, European and field duty stations where housing comparisons could be made without serious difficulty. Housing would be excluded from the post adjustment system for duty stations in the field where valid housing comparisons were difficult or impossible. The Commission recommended a series of measures for the treatment of housing in the calculation of post adjustment indices (PAIs) at both groups of duty stations. It also recommended a revised rental subsidy scheme for application at both headquarters and field duty stations where housing comparisons would continue to be carried out through the post adjustment system. Under that scheme, the current reimbursement formula would be replaced by a uniform 80 per cent reimbursement rate and the five-year limitation period would be discontinued.

4. The Commission presented indicative financial implications for the measures on the basis of best available information, in the light of a number of assumptions made in the absence of actual data.

5. For the United Nations common system, for staff already in receipt of a rental subsidy and for newcomers, the replacement of the current regressive formula by reimbursement for all staff at the 80 per cent rate would entail financial implications totalling approximately \$1.2 million. The replacement of the 40 per cent limit for payment of subsidies by a new system of maximum reasonable rents would carry an additional financial implication of \$300,000. It should be noted that the latter measure would have a significant impact only at field duty stations. For the United Nations, the new measures would apply at all headquarters, North American and European duty stations, as well as selected field duty stations, with financial implications for the regular budget of \$236,500 for 1991.

6. The system-wide implications of the new measures for staff moving to more appropriate accommodation under revised eligibility criteria is estimated by ICSC at \$1.3 million; for the United Nations regular budget the financial implication is \$325,000 for 1991.

7. The elimination of the time limitations heretofore applicable to the rental subsidy carries a system-wide financial implication of \$1 million; and for the United Nations regular budget the implication is estimated at \$209,000 for 1991. Full reimbursement up to a new maximum established by ICSC at duty stations in the field where valid housing comparisons are difficult or impossible carries a system-wide implication of \$1 million. These duty stations are not normally locations where the United Nations has staff. Accordingly, the financial implications are very limited and for the United Nations regular budget they are estimated at \$70,000 for 1991.

8. The financial implications of all the recommendations under this heading may be summarized as follows:

	<u>All organizations</u>	<u>United Nations</u>
	\$	regular budget
	\$	\$
A. Replacement of regressive reimbursement formula/elimination of 40 per cent limit	1 500 000	236 500
B. Revised eligibility requirement for rental subsidy scheme	1 300 000	325 000
C. Elimination of five-year time-limit	1 000 000	209 000
D. Full reimbursement of housing at some field locations	<u>1 000 000</u>	<u>70 000</u>
Total	<u>4 800 000</u>	<u>840 500</u>

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9. The substitution of gross for net rents in place-to-place comparisons would have little effect on relativities between New York and other headquarters duty stations; the impact, rather, is on the margin, which would be affected throughout the common system, but with no direct cost implications. Some savings might accrue to the reduction of the relativities for housing costs between New York and some duty stations with the substitution of gross for net rents in place-to-place comparisons. As indicated in paragraph 98 of the Commission's report, 1/ it is possible that the New York/Washington cost-of-living differential may widen by some 1 to 2 per cent in the near future. Such a change would be felt if the margin were at either the upper (120) or lower (110) limit of its range. Margin management considerations may result in postponing a post adjustment increase. If the cost-of-living differential widens as a result of the use of gross versus net rents, the period of postponement may be shortened, thereby reducing savings in costs associated with the postponement. In the light of the very tentative nature of the estimates presented by ICSC, no separate financial implication is presented in this regard, since the impact would occur only in 1992 following a freeze of post adjustment in 1991.

B. Conditions of service of the Assistant Secretary-General and Under-Secretary-General and equivalent levels

10. As part of its review of the conditions of service of the Professional and higher categories, ICSC reviewed the conditions of service of Assistant Secretary-General and Under-Secretaries-General and equivalent levels in the common system, with particular attention to four issues - pay comparability, housing, pensions and allowances (including representation/hospitality allowances).

11. The Commission has made recommendations to the General Assembly on one of the four issues - housing. ICSC proposes that revised housing arrangements for Assistant Secretary-General and Under-Secretary-General and equivalent levels be established as follows:

(a) Executive heads would be authorized to exercise discretion to approve the granting of such subsidy arrangements to Assistant Secretary-General and Under-Secretary-General and equivalent levels in cases where such officials needed to rent suitably sized and allocated accommodation;

(b) The current arrangements whereby a limit is placed on the maximum allowable rent for the purposes of calculating rental subsidies would be replaced by new arrangements whereby eligible officials would receive a maximum rental subsidy amounting to 75 per cent of the threshold rent for the individual concerned.

12. ICSC has presented no financial implications for this item for the United Nations common system. The United Nations has estimated the cost to the regular budget for 1991 at \$224,000.

II. REMUNERATION OF STAFF IN THE PROFESSIONAL AND HIGHER CATEGORIES:
BASE/FLOOR SALARY SCALE

13. In section H of its resolution 44/198, the General Assembly approved the recommendation of ICSC to establish a floor net salary level for staff in the Professional and higher categories, by reference to the corresponding base net salary levels of officials in comparable positions serving at the base city of the comparator civil service. This base/floor scale was part of an integrated package in which negative classes of post adjustment were eliminated, and is used also to calculate payments under the new mobility and hardship scheme, as well as separation payments. 2/

14. In view of salary increases in the comparator civil service, the Commission recommended to the General Assembly that the current base/floor salary scale should be increased by 8.5 per cent, through the consolidation of classes of post adjustment, with effect from 1 March 1991. The total financial implications of the recommendation for the United Nations common system as a whole is estimated at \$5.5 million per annum. In view of the fact that the Commission recommended implementation as of 1 March 1991, the costs to the United Nations regular budget for 1991 will be \$873,950, compared with system-wide costs of \$4.6 million.

15. In addition, there will be an estimated increase of \$9,576,000 for the biennium 1990-1991 under staff assessment, section 31, to be offset by an increase in an equal amount under income section 1.

III. CONDITIONS OF SERVICE OF THE GENERAL SERVICE
AND RELATED CATEGORIES

A. Survey of best prevailing conditions in London

16. The financial implications of the Commission's recommendations resulting from its survey of best prevailing conditions of service of staff in the General Service and related categories in London amount to \$616,000 per annum for the organizations with staff at that location. The implementation date for the revised salary scales is 1 April 1990, the date to which the survey data relates. The implementation of the Commission's recommendations as of that date would result in additional costs estimated at \$26,200 for the United Nations regular budget in 1990 and \$35,000 for 1991.

B. Survey of best prevailing conditions of service in New York

17. The financial implications of the Commission's recommendations resulting from its survey of best prevailing conditions of service of staff in the Trades and Crafts and the Security Service categories in New York amount to \$1.8 million per annum for the organizations with staff at that location. The implementation date for the revised salary scales is 1 October 1989, the date to which the survey data relate. The implementation of the Commission's recommendations as of that date would result in additional costs estimated at \$2 million for the United Nations regular budget in 1990 and in 1991, as well as \$497,750 for 1989.

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18. The Secretary-General, the Administrator of the United Nations Development Programme (UNDP) and the Executive Director of the United Nations Children's Fund (UNICEF) decided to promulgate, effective 1 October 1989, the recommended salary scales for staff in the Trades and Crafts and the Security Service categories. Dependency allowances for staff in the General Service and related categories, as recommended by the Commission, were also revised with effect from that date. Following a review of the conduct and results of the salary survey regarding the General Service category, the organizations with staff at New York decided not to implement the scale recommended by ICSC, which would have carried a financial implication of \$194,200 for 1989. Instead, they implemented, with effect from 1 October 1989, the scale which went into effect as of 1 November 1989 as a result of the application of the interim adjustment procedure approved by the Commission at the time of the 1984 survey in New York.

19. The financial implications of the decision of the Secretary-General of the United Nations are estimated at \$302,435 for 1989, \$1,284,750 for 1990 and \$3,854,000 for 1991.

20. In addition, there will be an estimated increase under staff assessment, section 31 (for all locally recruited categories of staff in New York), of \$335,965 for 1989 and \$3,787,360 for the biennium 1990-1991. These increases will be offset by increases in equal amounts under income section 1.

C. Survey of best prevailing conditions of service in Rome

21. The financial implications of the recommendations of the Commission resulting from its survey of best prevailing conditions of service of staff in the General Service and related categories in Rome amount to \$4.5 million per annum for the organizations with staff at that location. The implementation date of the revised salary scale was 1 February 1990, the date to which the survey data relates. The implementation of the Commission's recommendations as of that date would result in additional costs estimated at \$69,700 for 1990 and \$83,650 for 1991 for the United Nations regular budget.

D. Implications of the decisions arising from the comprehensive review of conditions of service of the Professional and higher categories for the General Service and related categories

Children's allowance in respect of disabled children

22. In its fifteenth annual report, 3/ ICSC noted that a number of recommendations in the comprehensive review were equally relevant to the General Service and related categories.

23. The Commission recommended that the children's allowance in respect of disabled children for the General Service and related categories should be set at double the normal amount of children's allowance applicable for those categories,

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effective 1 July 1990. Where the disabled child was the first dependant and generated a higher amount of the allowance, the amount paid would be double the amount of the regular allowance, not double the higher amount.

24. The financial implications of the Commission's recommendations concerning this allowance were estimated at \$100,000 per annum for the United Nations common system. The implications for the regular budget of the United Nations are \$8,500 for July-December 1990 and \$17,000 for the full year in 1991.

Application of the mobility and hardship allowance and the assignment grant to internationally recruited General Service staff

25. The Commission also recommended that the mobility and hardship matrix approved for the Professional and higher categories should also be applied to internationally recruited General Service staff, with effect from 1 July 1990, except that the reference point would be P-4, step VI, scaled down by 13 per cent to reflect salary relativities more appropriately and to ensure equity of treatment with other categories of staff in similar jobs at the same duty station. Where the resulting amounts were lower than the current amount of the non-resident allowance payable to internationally recruited General Service staff, an amount equal to the difference between the two should be payable in addition according to administrative arrangements to be determined by the organizations. The assignment grant should be payable to internationally recruited General Service staff on the same terms and conditions as for the Professional and higher categories, with effect from 1 July 1990. The Commission noted that the financial implications of those recommendations were estimated at \$285,000 per annum for the United Nations common system. For the regular budget of the United Nations, the financial implications of those measures are estimated at \$48,450 for 1990 and \$96,900 for 1991.

IV. EDUCATION GRANT

26. The Commission recommended that, in those areas where education-related expenses were incurred in deutsche mark, Spanish pesetas, Italian lire, pounds sterling or United States dollars, local currency limits for the maximum amount of admissible expenses and the ceiling for boarding costs should be revised. In addition, the special education grant maximum for each disabled child in these currency areas should be adjusted in line with the changes in maximum admissible educational expenses for the regular education grant. These measures would be applicable as from the school year in progress on 1 January 1991.

27. The financial implications for the United Nations common system were estimated by the Commission at \$3.16 million per annum in respect of the increase in the maximum amount of admissible expenses and the ceiling for boarding costs for selected areas, as well as the corresponding adjustment for the special education grant for disabled children. The financial implication for the regular budget of the United Nations for 1990 is estimated at \$152,500 and for 1991 at \$457,500.

V. CONDITIONS OF SERVICE OF THE FIELD SERVICE CATEGORY

28. The Commission adopted several decisions regarding the application of a revised remuneration package for staff in the Field Service category, the main features of which are:

(a) Comparison with the United States federal civil service working outside the United States, instead of with the United States foreign service;

(b) A revised salary scale, effective 1 July 1990;

(c) Application of the mobility/hardship package and related aspects of the comprehensive review approved for the Professional and higher categories.

29. The Commission estimates the financial implications of the revised salary scale for the Field Service category at \$2.14 million per annum. The financial implications relating to the application of the mobility and hardship allowance and assignment grant for this category were estimated at \$1.74 million per annum. For the United Nations regular budget, the financial implications of the revised salary scale for 1990 are estimated at \$375,250 and for 1991 at \$750,500 (total for all sources of funds: \$1,020,500 and \$2,041,000, respectively). The regular budget implications of the mobility and hardship allowance and assignment grant are estimated at \$332,625 for 1990 and \$665,250 for 1991 (total for all sources of funds: \$900,000 and \$1,800,000, respectively). The financial implications of adjustments to the scale of pensionable remuneration for the Field Service for the regular budget are estimated at \$29,525 for 1990 and \$59,050 for 1991. Total regular budget implications for 1990 are estimated at \$737,400 and for 1991 at \$1,474,800.

VI. SUMMARY

30. The additional costs for the regular budget of the United Nations for 1990 and 1991 resulting from the decisions and recommendations of ICSC are summarized below:

Summary

(In United States dollars)

	<u>1990</u>	<u>1991</u>
A. Comprehensive review of the conditions of service of staff in the Professional and higher categories:		
1. Housing and remuneration structures	-	840 500
2. Conditions of service of the Assistant Secretary-General and Under-Secretary-General and equivalent levels	-	224 000
B. Remuneration of staff in the Professional and higher categories: base/floor salary scale	-	873 950
C. Conditions of service of the General Service and related categories:		
1. Survey of best prevailing conditions in London	26 200	35 000
2. Survey of best prevailing conditions in New York:		
Trades and Crafts/Security Service	1 991 000 <u>a/</u>	1 991 000
General Service	1 284 750 <u>b/</u>	3 854 000
Allowances	225 000	225 000
3. Survey of best prevailing conditions in Rome	69 700	83 650
4. Implications of the decisions arising from the comprehensive review of conditions of service of the Professional and higher categories for the General Service and related categories		
(a) Children's allowances in respect of disabled children	8 500	17 000
(b) Application of the mobility/hardship allowance and the assignment grant to internationally recruited General Service staff	48 450	96 900
D. Education grant	152 500	457 500
E. Conditions of service of the Field Service category	<u>737 400</u>	<u>1 474 800</u>
Total	<u><u>4 543 500</u></u>	<u><u>10 173 300</u></u>

a/ In addition, financial implications of \$497,750 are estimated for 1989.

b/ In addition, financial implications of \$302,435 are estimated for 1989.

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31. Following past practice, it is intended to deal with the impact of the recommendations of ICSC as indicated in paragraph 30 above in the first programme budget performance report for the biennium 1990-1991.

Notes

1/ Official Records of the General Assembly, Forty-fifth Session, Supplement No. 30 (A/45/30).

2/ Ibid., Forty-fourth Session, Supplement No. 30 (A/44/30), vol. II, paras. 118, 119, 316 and 453 (g).

3/ Ibid., para. 34.
