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SUPPLEMENTARY ESTIMATES FOR THE FINANCIAL YEAR 1960

BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1961

Post classifications for the United Nations Headquarters, New York,
and the United Nations Office at Geneva

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

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General (A/C.5/816) concerning the classification, for purposes of post adjustment, of the United Nations Headquarters, New York, and the United Nations Office at Geneva.
 2. The existing system of salaries for staff of the Professional category and above^{1/} in the United Nations and the specialized agencies was adopted by the General Assembly, by resolution 1095 (XI) of 27 February 1957, on the basis of recommendations from the Salary Review Committee^{2/} which had been set up for this purpose under resolution 975 (X) of 15 December 1955. The base salary scales under the system were those deemed to be appropriate to conditions in Geneva in January 1956; in fact, these scales were essentially the same as those
- ^{1/} The salaries of staff in the General Service category and the salary or wage rates for manual workers, in the United Nations, are determined by the Secretary-General, normally on the basis of the best prevailing conditions of employment in the locality of the office concerned.
- ^{2/} For the report of the Salary Review Committee, see document A/3209. See also Official Records of the General Assembly, Eleventh Session, Annexes, agenda item 51, documents A/C.5/691; A/3505 and A/3558.

which has been in force since 1951. The system provided that the salary scales were to be supplemented or reduced according to a schedule of "post adjustments", which was designed to maintain a standard of living at different locations equivalent to that of the staff at Geneva in January 1956. To begin with, therefore, there was established a "place-to-place" comparison, in relation to Geneva as of January 1956; subsequent adjustments at any given place were to be made on the basis of changes in living costs in that place. All adjustments, both initial and subsequent, were to be in terms of differences or changes in living costs of five percentage points or multiples thereof.^{3/} Any such adjustment from one class to the next would be made only when the index, averaged over a period of nine months, registered a change of five percentage points.

3. By resolution 1095 B (XI), the General Assembly decided to place New York in class 5 of the post adjustment scale, with effect from 1 January 1957, which was the date of implementation of the new system. As a result of subsequent increases in the cost of living, New York was later placed in class 6 with effect from 1 January 1959 (resolution 1342 (XIII) of 13 December 1958).

4. Geneva, which as of January 1956 formed the base of the system, was placed in class 1 (that is, at par with the base) of the post adjustment schedule, with effect from 1 January 1957. At its twelfth session, following the action taken by the World Health Organization and the International Labour Organisation in the course of 1957, the General Assembly approved a post classification at class 2 for Geneva effective 1 August 1957 (resolution 1221 (XII) of 14 December 1957).

5. The World Health Assembly (in May 1957) and the Governing Body of the International Labour Organisation (in June 1957), in addition to approving a class 2 post adjustment for their staff at Geneva from an earlier date, that is 1 June 1957, also indicated 1 January 1957 as the date from which future cost-of-living movements would be measured; that is to say, Geneva was assumed

^{3/} Thus, class 1 represents Geneva as of January 1956, class 2 represents "plus 5 per cent"; class 3 "plus 10 per cent" and so on. Similarly Class A represents "minus 5 per cent"; class B "minus 10 per cent" and so on.

to have reached 105 as at 1 January 1957. This, of course, contrasted with the position of New York where 1 January 1956 remained the "base date", or the date from which further changes were to be measured.^{4/}

6. As indicated in paragraph 3 of the Secretary-General's report (A/C.5/816), in the light of the developments that had taken place, the need for an independent review of the application of the post adjustment system soon became evident. Accordingly, the Secretary-General, acting on the recommendation of the International Civil Service Advisory Board, and in agreement with the executive heads of the specialized agencies, appointed an independent expert committee, composed of persons from outside the United Nations, to study various aspects of the operation of the system. Among the more immediate considerations underlining the need for a review was the difference in approach between the United Nations and certain of the specialized agencies in regard to such matters as the relationship between New York and Geneva and the use of 1 January 1956 as a common base date for the measurement of further changes in living costs. For this reason, a first major task of the Expert Committee on Post Adjustments has been the more precise determination of the relationship of living costs in New York to those at Geneva, as they affect international staff. The results of the work of the Expert Committee on this question are set forth in the annex to the Secretary-General's report.

7. The conclusions of the Expert Committee may be summarized as follows:

(a) New York in January 1956 was somewhat over 20 per cent above the level of Geneva and, had the information been available at that time, would have qualified for class 5. Changes in the New York local cost-of-living index from January 1956 to the last quarter of 1959 result in an index for New York at the latter date of 132.7 as compared with 100 at Geneva in January 1956, and the conditions required for a change to class 7 in the New York post classification had been met in the fourth quarter of 1959, the date of the survey.

^{4/} For details of the considerations in favour of the action of the two specialized agencies, and those critical of that action, see Official Records of the General Assembly, Twelfth Session, Annexes, agenda item 41, documents A/C.5/711, A/3721 and A/3793.

(b) The increase in the cost of living of international officials in Geneva since January 1956, even after allowance for the change in the pay-roll exchange rate from 4.28 to 4.30 Swiss francs to the dollar (and to 4.34 Swiss francs since January 1960), had amounted to at least 10 per cent; Geneva had therefore met the conditions required for a post adjustment of class 3 (plus 10 per cent);

(c) It would be equitable and appropriate to return to a common base date of 1 January for both New York and Geneva, on the following basis:

Geneva - 100 in January 1956
- 110 in April 1960

New York - 120 in January 1956

Future changes would be measured, for New York, from 120 in January 1956, by means of the Consumer Price Index of the United States Bureau of Labour Statistics. For Geneva, changes would be measured from 110 in April 1960 (on the basis of 100 in January 1956 and a pay-roll exchange rate of 4.34 Swiss francs to a dollar), by means of an appropriate local index to be compiled under the supervision of the Expert Committee.

8. In the light of the findings of the Expert Committee, the Secretary-General has suggested that: (a) it would be reasonable, as well as in conformity with the principles laid down by the General Assembly for the administration of the post adjustment system, if the change to class 7 for New York were to be made effective from 1 January 1960; and (b) a clear case exists for placing Geneva in class 3, with effect from 1 May 1960. As regards Geneva, the Secretary-General also draws attention to the fact that WHO and the ILO have, on the basis of the findings of the Expert Committee, already implemented class 3 for their staff in Geneva as from 1 May 1960.

9. The report of the Expert Committee bears evidence of a detailed and thorough study of the New York-Geneva relationship in all its aspects, based on intensive family expenditure surveys in both places, a determination of the appropriate weights to be assigned to the several items of expenditure and as close a comparison as possible of prices of commodities and services in the two cities. There should be no difficulty in accepting the data compiled by the Expert Committee as well as its findings. The study, in the view of the

Advisory Committee, has achieved the two immediate objectives of determining the precise relationship between New York and Geneva and of relating measurements of change in both places to a common base date, namely 1 January 1956.

10. Specifically, the Advisory Committee concurs in the Secretary-General's recommendation that Geneva be placed in class 3 of the post adjustment schedule, with effect from 1 May 1960. In supporting this effective date, the Advisory Committee has taken into account, in addition to the evidence submitted by the Expert Committee, the importance of preserving uniformity among the organizations participating in the common system.

11. As regards New York, although the report of the Expert Committee is not explicit as to the date on which the New York index, averaged over the preceding nine months, stood at 130 or above, the Expert Committee has found beyond doubt that the condition mentioned above had been fully met certainly by the last quarter of 1959. The Advisory Committee is informed that, were a precise calculation to be made along the lines indicated by the Expert Committee, the index, averaged over nine months, would be found to have reached 130 some time in the second quarter of 1959. Nevertheless, taking account of the limits which the Expert Committee itself has found fit to place on its findings and having regard to the practical bounds of any retroactivity, the Secretary-General has proposed an effective date of 1 January 1960 for the re-classification of New York in class 7. Having regard to all the relevant factors, the Advisory Committee concurs in the Secretary-General's proposal.

12. The Advisory Committee would also recommend approval of the proposals of the Expert Committee concerning measurement of future changes in living costs in New York and Geneva (see para. 7 (c) above).

13. The adoption of the recommendations in paragraphs 10 and 11 above would give rise to additional costs, estimated as follows:

	<u>1960</u>	<u>1961</u>
	\$	\$
New York, class 7 from 1 January 1960	270,000	280,000
Geneva, class 3 from 1 May 1960	69,000 ^{a/}	107,000 ^{a/}
	<u>339,000</u>	<u>387,000</u>

^{a/} Including \$9,000 in 1960 and \$17,000 in 1961 in respect of the Office of the United Nations High Commissioner for Refugees.