



SUMMARY RECORD OF THE 44th MEETING

Chairman: Mr. AMNEUS (Sweden)

Chairman of the Advisory Committee on Administrative
and Budgetary Questions: Mr. MSSELLF

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The meeting was called to order at 10.10 a.m.

AGENDA ITEMS 115 AND 116: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1988-1989 AND PROGRAMME PLANNING (continued) (A/42/3, A/42/6 and Corr.1, A/42/7 and Add.2, A/42/16 (Part I) and Add.1 and (Part II), A/42/512, 532 and 640; A/C.5/42/2/Rev.1; A/41/806 and Corr.1, A/42/295 and 673 and A/42/724 and Corr.1)

First reading (continued)

Section 28. Administration and management

1. The CHAIRMAN said that the Secretary-General's revised estimate for the section as a whole amounted to \$352,833,300 and the amount recommended by the Advisory Committee to \$344,426,700. He suggested that the Committee should give separate consideration to each of the 11 individual subsections, 28A to 28K.

2. Mr. MSELLE (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Secretary-General's initial estimate was \$344,108,200; the amount recommended by the Advisory Committee was \$336,019,700, or a reduction of \$8,088,500. The revised figures just mentioned by the Chairman indicated a reduction of \$8,406,600, or a further reduction of \$318,100. The Advisory Committee had not felt that the additional reduction was large enough, by comparison with the section as a whole, to be worth apportioning among the different subsections as the initial reduction had been in chapter I, table 1, of its report.

3. Commenting on some individual parts of section 28, he said that when the revised estimates were submitted in 1988, the Office of Financial Services (sect. 28B) would have been replaced. Section 28C for the first time included activities covered under section 28J in earlier programme budgets, with the exception of the training and examinations activities administered at Geneva, which appeared under section 28G. The Advisory Committee's comments on the structure of the programmes within section 28C were given in paragraphs 28C.5 to 28C.7 of its report. In paragraph 28C.27 the Advisory Committee recommended, on the basis of information provided, that the estimate for the Medical Service should be increased by \$40,000 through redeployments. Other comments were made in paragraphs 28C.16, 28C.21, 28C.32 and 28C.34.

4. Concerning the Office of General Services at Headquarters (sect. 28D), the Advisory Committee noted in paragraph 28D.5 of its report that changes had been made in the programmatic presentation of the proposals. In paragraph 28D.6, it said that methods of data collection and the definitions of performance indicators should be improved. While considering the proposed programme budget for 1986-1987, the Advisory Committee had been concerned by the contractual arrangements with B. Eichwald & Co., which provided a number of telecommunications, electrical maintenance and electrical construction services; it continued its discussion of that question in paragraph 28D.8.

(Mr. Msele)

5. The Advisory Committee indicated, in paragraphs 28D.12 to 28D.20, that the cuts in staff and the restructuring called for by General Assembly resolution 41/213 would inevitably have an impact on the amount of space rented; but the appropriations requested for the rental and maintenance of premises for 1988-1989 took no account for possible reductions in staff. The Advisory Committee had therefore recommended a reduction of \$1.5 million in the resources under that heading. In paragraphs 28D.22 to 28D.25, it discussed the rental of alternate voice/data (AVD) circuits and the planned expansion in United Nations satellite communication operations. Since the General Assembly had already requested the Secretary-General to submit a report on the operation of the AVD system, the Advisory Committee asked him to take account of the implications of the developments described in paragraphs 28D.23 and 28D.24 of its report.

6. Turning to the Management Services Division (sect. 28E), he pointed out that the revised estimates under that heading had been submitted in document A/C.5/42/18, which indicated that the Secretary-General foresaw additional expenditure of \$3.5 million on the design and installation of an integrated management information system. The project would be carried out over six years (from 1988 to 1993) at an estimated cost of \$12 million. In paragraph 6 of its report on the matter (A/42/7/Add.6), the Advisory Committee noted that of the \$4 million estimated under that item for 1988-1989, \$500,000 would come from extrabudgetary sources and the rest would be charged to the regular budget. The Secretary-General should be given every encouragement to put his plans into effect, but the Advisory Committee was not at present in possession of sufficiently detailed information to venture an opinion on the overall cost of the project. It therefore recommended that the Secretary-General should use the \$500,000 in extrabudgetary funds to develop the design strategy, and then submit new proposals for the later phases of the project in the context of the revised estimates to be submitted to ACABQ at its Spring 1988 session.

7. Another part of section 28E dealt with the International Computing Centre (document A/C.5/42/8); the budget estimates for 1988, based on an exchange rate of 1.68 Swiss francs to the dollar, amounted to \$9,025,600. The Advisory Committee recommended approval of that amount. That recommendation was separate from its recommendation under section 28, which included only the amount needed to cover the United Nations share of the Centre's operating expenses, \$1,663,000, which would be met out of the \$3,822,500 included under section 28E. In endorsing the Advisory Committee's recommendations on section 28, the Fifth Committee would ipso facto be approving the amount corresponding to the United Nations share in the Centre's budget.

8. Turning to section 28I, and more specifically, the estimate relating to ICSC (A/42/7, para. 28I.3), he said that the Advisory Committee was not certain why only a provisional amount had been indicated in the initial budget estimates. It did not find the explanations it had been given convincing, and was not sure it would be wise to continue that practice when the outline of the budget for 1990-1991 was discussed in 1989. In paragraph 10 of its report on the matter (A/42/7/Add.1), the Advisory Committee indicated its approval for the proposed post reclassifications. The revised estimate given in document A/C.5/42/1 represented a net reduction of \$2,000 from the initial estimate.

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(Mr. Mselle)

9. The reorganization proposed by the Secretary-General would have a considerable impact on the structure and content of section 28. In that connection, he reminded Committee members of paragraphs 43 to 49 of the Secretary-General's progress report (A/42/234) and the annex thereto, dealing with the structure of the Department of Administration and Management, and paragraphs 43 to 45 of the update of that report (A/C.5/42/2/Rev.1). In paragraphs 91 to 93 of its first report (A/42/7), the Advisory Committee had made some brief comments on some of the changes affecting section 28. The Advisory Committee had reserved its position regarding those changes, and would return to the subject when the revised estimates were submitted.

10. The CHAIRMAN said that the conclusions and recommendations of CPC on section 28 were contained in paragraphs 218 to 220 of its report (A/42/16 (Part I)). The section was also addressed by CPC in paragraph 44 of Part II of the same report. He invited delegations to consider the various individual subsections one after another and to comment on those which they felt required discussion.

Section 28C. Office of Human Resources Management

11. Mr. BOUR (France) said that his delegation took great interest in the Office's activities, which it considered to be all the more important since the United Nations was going through a difficult period. As it also believed that training was a fundamental aspect of human resources management, it had been particularly interested by the programmes listed under the heading "Training and examinations (Headquarters and the regional commissions)", as set out in paragraphs 28C.64 and 65 of the budget document.

12. Paragraph 28C.65 indicated that the resources envisaged for examinations were being reduced, for example by 10.5 per cent at Headquarters and by 28.5 per cent at ECLAC. The details were provided in table 28C.16. Examinations, however, were designed to test the abilities of staff members at the time of their recruitment or of their promotion. In the same context, the language courses offered by the Organization made it possible to develop the human resources which were at its disposal. His delegation would therefore like to know if the reductions indicated in table 28C.16 would lead to a weakening of the examination system or cutbacks in language courses.

13. Mr. BAUDOT (Director, Programme Planning and Budget Division) replied that, as explained in paragraph 28C.105, the reduction in resources for training courses at ECLAC was attributable to the decision to fix the remuneration of teachers in local currency; it therefore had nothing to do with the quality or the quantity of the courses offered. Similar explanations with respect to ESCWA could be found in paragraph 28C.119, where it was stated that French lessons were given free of charge under an agreement between the French Government and the United Nations.

14. The reduction in resources requested for training activities was therefore due to arrangements of that nature. It in no way implied that there should be any slackening of effort in that field.

Section 28E. Administration and management, Management Services Division

15. The CHAIRMAN informed the Committee that the Secretary-General had submitted revised estimates under section 28E in document A/C.5/42/18. The related report of the Advisory Committee was contained in document A/42/7/Add.6.

16. Mr. MAJOLI (Italy) said he appreciated the fact that the development of an Integrated Management Information System was extremely important. However, since the estimated total cost of the project was \$12 million, he wondered whether it was the right moment to initiate an exercise of such breadth. He inquired whether the need was urgent and whether it would not be possible to wait until a subsequent session.

17. Mr. Dr. ELLSSON (Sweden) said he, too, believed that an Integrated Management Information System was indispensable for the United Nations, particularly in the light of the convincing picture painted by the Secretary-General of the shortcomings of current structures. His country was in full agreement with that analysis. However, the Advisory Committee was recommending that the Secretary-General should continue to give thought to the system's development with a view to submitting new revised estimates in the Spring of 1988. His country endorsed that recommendation.

18. Mr. KASTOFT (Denmark) and Mr. REFSHAL (Norway) said that they shared entirely the views expressed by the representative of Sweden.

19. Mr. BOUR (France) recalled that his delegation had questioned the United Nations computer policy in the course of the general debate. It had been concerned by apparent disorder in the introduction of various systems. In the general comments included in its report (A/42/7) on the subject of office automation (para. 84), the Advisory Committee had for its part requested "a complete inventory of all EDP/office automation equipment" for 1988. Meanwhile, the Secretariat had explained some of the concrete measures it had already taken, including the establishment of a Technical Innovations Board.

20. It was entirely normal that new requirements should continually arise in such a field. His country would therefore give favourable consideration to any project leading to the implementation of an Integrated Management Information System at the United Nations. However, the policy to be followed would have to be presented more clearly than had been the case so far, and the Committee would need to have at its disposal all the elements required for proper evaluation before a long-term decision was taken on such a substantial item of expenditure. His delegation was thus fully in favour of the project submitted by the Secretary-General but was not able, in view of the manner in which the project had been presented, to endorse it immediately. For the time being it would adhere to the recommendation of the Advisory Committee.

21. Mr. KLUFT (Netherlands) said that a sound design strategy was as important as the establishment of the integrated system itself. There had been many instances in the past of excessively hasty and ill-considered action which had later required the Secretariat to reconsider the use of new technologies. Experience showed that the adoption of new technologies, if not part of a deliberate strategy, led to lower performance rather than increased efficiency. His delegation therefore believed that it was necessary to wait, before deciding on the integrated system, until the design of an EDP strategy had been further developed.

22. Mr. MURRAY (United Kingdom) said that impeccable management was essential if the reform effort was to succeed. His delegation was therefore ready to support anything proposed by the Secretary-General with a view to improving the management of the United Nations. However, it had the impression that the General Assembly was being asked to approve very substantial appropriations without being provided with sufficiently detailed documentation. That was no doubt why the Advisory Committee was making the prudent recommendation which was expected of it. Modern technology possessed powerful attractions and it was therefore all the more necessary to ensure that its use was planned and that it was well integrated into what was already in place. The United Nations sometimes seemed to have difficulty in taking stock of the situation, particularly with respect to financial matters, and it was obvious that it would have need of a well-designed information system. In the circumstances, the adjective "integrated" was the operative word in the title of the proposed programme.

23. Mr. TAKASU (Japan) said that, like the Secretary-General, he considered the development of an Integrated Management Information System to be indispensable if the United Nations was to be effective. His delegation, nevertheless, endorsed the recommendation of the Advisory Committee, because, like others, it felt that there was a need to proceed with extreme care in the matter. It therefore expected the design strategy currently being developed to be submitted to the Advisory Committee in order that the latter might subsequently submit recommendations to the forty-third session of the General Assembly.

24. Mr. DEVREUX (Belgium) said that he shared the views of previous speakers. The introduction of office automation must be integrated in both technical and administrative terms. Examples were all too common of government departments which possessed ultra-modern computer equipment but whose officials continued to fill out registers in longhand. The introduction of information systems at the United Nations would, however, have the advantage of making the work of staff members more challenging. As the staff took more interest in their tasks they could not help but become more effective. It would be a difficult exercise but one which nevertheless remained indispensable.

25. Mr. GOMEZ (Controller) said that the Secretary-General was now submitting his programme for the implementation of an Integrated Management Information System because the question had been dealt with at the beginning of 1987 by CPC. The discussions in CPC had been very lively and made it clear that the Secretary-General should provide follow-up without delay.

(Mr. Gomez)

26. The Secretariat had taken note of the concerns expressed by the various delegations that had spoken and wished to thank the Governments that had made contributions to finance the implementation of the strategy.

27. The recommendations submitted by the Advisory Committee in its seventh report (A/42/7/Add.6) provided sufficiently clear guidance for the Secretariat. The latter would therefore be able to submit more detailed proposals at the following session. It would take the opportunity to reply at the same time to the request made by the Advisory Committee in paragraph 84 of its first report (A/42/7), which raised the question of a complete inventory of EDP equipment.

Section 28G. Administration and common services, Geneva

28. Mr. MURRAY (United Kingdom), referring to paragraph 28G.7 of the Advisory Committee's report (A/42/7), noted that the increase in resources for communications (\$715,000) was explained by the fact that certain AVD links were not yet in operation. The installation of the new network had been authorized two years earlier and the expected savings had not yet materialized. If one must wait another two years, i.e., the length of the following biennium, before seeing tangible results, one had a right to explanations either from the Secretariat or from the commercial enterprises concerned.

29. Mr. BAUDOT (Director, Programme Planning and Budget Division) said that he would provide detailed explanations in due course.

Section 28I. Jointly financed administrative activities

30. The CHAIRMAN said that the Committee also had before it, for its consideration of the section, revised estimates for the International Civil Service Commission, circulated by the Secretary-General in document A/C.5/42/1, and the related report of the Advisory Committee (A/42/7/Add.1).

31. Mr. BOUR (France) said he agreed with the observations of the Advisory Committee concerning the date of the submission by ICSC of its proposed budget. He did not see why ICSC continued to submit its documents late, thereby complicating both the discussions in the Fifth Committee and the work of the Advisory Committee.

32. In paragraph 4 of his report on the revised estimates (A/C.5/42/1), the Secretary-General said that the General Assembly had asked the Commission to pursue its examination of the level of total entitlements and to make a detailed study of one specific benefit linked to expatriation. That was not what was called for in the relevant General Assembly resolutions. It seemed rather to anticipate the conclusions the Fifth Committee would reach after its consideration of the ICSC report, which it had not yet completed. A draft resolution on the subject had not even been prepared. The Secretary-General's assertion was unacceptable because it prejudged the General Assembly's decision.

(Mr. Bour, France)

33. He also noted that appropriations were requested for servicing a session ICSC would hold away from its headquarters in the Spring of 1989, but the Committee on Conferences had recently confirmed the long-standing rule that a body could not meet away from its normal headquarters except by invitation and provided that the host bore the additional costs. Under those conditions it was impossible to authorize appropriations for a session for which no invitation had yet been received. It was necessary to wait for the Fifth Committee to take a decision on the ICSC report before determining its programme of work and also to solicit the views of the Committee on Conferences.

34. Mr. VISLYKH (Union of Soviet Socialist Republics) agreed with the Advisory Committee that the ICSC budget should be submitted by a reasonable date.

35. The programme of work of ICSC provided for a comparative study of remuneration in the United Nations and in the United States federal civil service, including benefits linked to expatriation. The General Assembly, however, had already adopted a resolution specifying that those benefits were to be taken into account only in the case of United Nations civil servants and not in the case of the comparator civil service. The proposed study was therefore superfluous.

36. Provision had been made for ICSC to hold a meeting in 1989 away from its headquarters, but according to the Commission's statutes, that was not possible unless the host organization agreed to bear all the additional expenses entailed in the meeting. That rule had not been respected and his delegation therefore could not agree to the approval of appropriations for that purpose.

37. His delegation asked the Secretariat to indicate the cost of such a study and of holding a meeting away from headquarters in 1989 because it intended to request the deletion of those two items of expenditure.

38. Mr. ABRASZEWSKI (Poland) wondered to what extent the appropriations requested for the Joint Inspection Unit took into account the provisions of General Assembly resolution 41/213 which applied directly to the Unit. For example, the General Assembly had specifically recommended that JIU should lay greater stress on evaluation. Had that been taken into account in the proposed programme budget?

39. As for travel costs, for example, (para. 28I.19), his delegation sought assurances that the planned reduction of resources would not jeopardize the programme of work of JIU in the next biennium. On the other hand, since the Unit's programme of work was established on an annual basis, he wondered how it had been able to provide for a reduction over a period of two years.

40. As to consultants (para. 28I.21), the work to be undertaken was described in very vague terms. His delegation would like more detailed information on that point.

AGENDA ITEM 123: UNITED NATIONS COMMON SYSTEM: REPORT OF THE INTERNATIONAL CIVIL SERVICE COMMISSION (continued) (A/42/7/Add.7, A/42/30 and Corr.1; A/C.5/42/19, 20, 23 and 38)

41. Mr. AKWEI (Chairman of the International Civil Service Commission), replying to the questions raised at various meetings, said that in view of the complexity of the issues dealt with by ICSC, it was at times extremely difficult to simplify or summarize its discussions. The Commission would nevertheless seek to make its future reports more understandable and to improve their presentation, taking into account the various suggestions made, particularly by the representative of Denmark.

42. A number of additional documents had been prepared by the ICSC secretariat to illustrate the effect of the Commission's proposals. They indicated, inter alia, on the basis of examples, how the revised rental subsidy thresholds and post adjustment classifications for duty stations with low and negative post adjustments would modify the existing benefits. The financial implications of ICSC's decisions and recommendations amounted to \$19.8 million for the United Nations system as a whole. As was apparent from document A/C.5/42/23, the implications for the United Nations itself would be substantially lower than the figure of \$11 million claimed by the representative of Australia.

43. Some delegations had maintained that United Nations staff were paid more than the General Assembly thought appropriate. That statement might have been valid a few years ago, but that was really no longer the case. The General Assembly had twice, in 1985 and 1987, reduced the level of pensionable remuneration, and consequently of pension benefits. Its decisions had in addition resulted in a freeze on net remuneration for the past three years. The result was a margin which Member States considered reasonable. However, when expatriate benefits were taken into account in the comparison of remuneration, the margin was predominantly in favour of United States federal civil service employees, as was proved by the study on total compensation conducted by the Commission secretariat. The question of the adequacy or inadequacy of United Nations staff remuneration was therefore far from settled, and could be settled only when all entitlements in the two civil services had been compared.

44. Some representatives had pointed out that in their own countries, salaries had declined in real terms. It should be recalled in that respect that the base salaries of United Nations officials had been increased for the last time in 1975, and that increase had not been sufficient to restore the loss in real income already sustained by Professional and higher-level staff. Since then, base salaries had remained unchanged with the exception of consolidations of post adjustment into base pay on a "no loss no gain" basis. As the post adjustment system was regressive, United Nations officials in New York and a number of other duty stations had experienced a loss in real income since 1975 of some 11 per cent in New York and some 13 per cent in Geneva. The common system could not operate on the basis of the budgetary and financial difficulties of individual Member States, especially since the difficulties experienced by the United States, the comparator country, already had a direct impact on the level of remuneration of United Nations staff. Since 1978, because of the budget deficit, pay increases granted to United States civil servants had been systematically lower than necessary to establish

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parity of pay with the private sector, and substantially below the movement of the Consumer Price Index. Those civil servants had thus suffered a loss of real income which, as a result of the comparison, had been reflected in the remuneration of United Nations officials.

45. With respect to the application of the recommendations of the Group of High-level Intergovernmental Experts, and particularly recommendation 53, the Commission had concluded that its statute already expressly provided for its monitoring of the Organization's implementation of personnel management standards, and thus required no revision, and a number of representatives had agreed with that conclusion. In that respect, it would be helpful if the delegation of Czechoslovakia could identify what it had termed the "organizational changes" the Commission should make. ICSC discharged its monitoring function by sending detailed questionnaires to organizations every three years on the implementation of its recommendations and decisions. In the light of the information received, it assessed the results achieved and transmitted its conclusions to the General Assembly and the executive heads concerned. Between questionnaires, it reviewed the reports of meetings of the various organizations' governing bodies and drew the attention of the executive heads to any comments it deemed necessary.

46. It was incorrect to state, as certain representatives had, that ICSC had disregarded the views of Member States in its consideration of recommendation 61 of the Group of High-level Intergovernmental Experts. Member States had chosen to refer a number of the Group's recommendations to the Commission in view of their implications for the common system. A very open discussion of those recommendations, particularly recommendations 53 and 61, had taken place on the basis of an exacting technical analysis; the Commission had conducted a study of the total compensation comparison, and had also examined separately the education grant and leave entitlements, comparing them with the entitlements of the comparator civil service and those of other Member States, before coming to its conclusions. In the view of most of its members, moreover, there was no justification at all for the assertion by the Group of High-level Intergovernmental Experts that the total remuneration package of United Nations officials was excessive, since over the past four years the General Assembly had taken a number of steps which had resulted in a substantial decrease in the overall pension and remunerations package of United Nations officials.

47. Some clarification seemed to be necessary with regard to the net remuneration margin and expatriate benefits. Where United Nations staff were concerned, three factors were taken into account in calculating the net remuneration margin: duration of service, which was generally shorter for United Nations officials; career opportunities, which were more limited for them than for their United States counterparts; and extra expenditure incurred as a result of expatriation. Those three factors had been defined in 1949 as the components of the margin, and since then their validity had never been questioned. The margin calculated on that basis was paid to all staff members, whether or not they were expatriates. The 1972 Salary Review Committee had considered the possibility of not paying the expatriate portion of the margin to staff members who were not expatriates, but had finally

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decided against that course of action. Expatriate benefits, on the other hand, were benefits given only to expatriate Professional and higher-level staff, and included education grant, repatriation grant, assignment allowance, home leave, etc. They were quite different from the expatriation factor included in the margin. It would therefore be justified to carry out a total compensation comparison taking into account the expatriate benefits both of United Nations officials and of federal civil service officials employed abroad.

48. The net remuneration margin was not just the actual difference in the net salaries of United Nations officials in New York and those of their counterparts from the United States federal civil service in Washington D.C.; that difference was adjusted by the cost-of-living differential between the two base cities. Some representatives had argued that United Nations staff did not make 5 per cent more than their counterparts in the comparator service, as indicated by ICSC, but rather 22 per cent more. The difference in salaries between the two civil services was more than the margin, the difference being precisely equal to the cost-of-living differential between New York and Washington, D.C. The table in annex IV of the Commission's report gave the figure of 116 as the margin. However, if the cost-of-living differential of 6 per cent was not taken into account then the figure would be 22 per cent, which was the figure mentioned by the United States representative. However, the Commission used the definition of the margin which had been approved by the General Assembly, namely, the weighted average ratio of the net remuneration of the two civil services adjusted for the cost of living between New York and Washington, D.C. In order to avoid any misunderstanding, the Commission would in future provide two sets of figures: on the one hand, the actual difference in the net remuneration of the two civil services and, on the other, the margin as currently calculated, namely, that difference adjusted by the cost-of-living differential.

49. The representative of Australia had suggested that in order to maintain an average margin of 115 over a period of time, the margin should be allowed to fall to a level of 110 before considering any increase in the post adjustment. That suggestion was contrary to the decisions taken by the Fifth Committee at the previous session concerning how the post adjustment system would be operated within the margin range; moreover, it would necessitate moving the margin to its highest level, of 120 during the year in order to achieve the average of 115. At the fortieth session, Member States themselves had insisted on a procedure which would keep the margin around the mid-point, in other words, at 115, and the Commission had given its assurance that it intended to do so. By maintaining the margin at 115 over several years the stability desired by Member States would be achieved. On the other hand, if it was decided that an increase in post adjustment should not be granted in New York until the margin dropped to a level below 110, then the average margin for one year and the average margin over a longer period would be substantially below 115. That would violate the decision taken by Member States to maintain the margin around the mid-point.

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50. The representative of Denmark had asked whether the post adjustment in New York would increase during 1988 if no components of the current margin methodology were changed and what the consequent financial implications for the common system would be. Some information concerning that matter had been provided in paragraph 86 of the Commission's report. Irrespective of which margin methodology was used a post adjustment class would become due in 1988. The effect of the revised methodology would only be to advance it by two months. The financial implications had been calculated at \$2.75 million in 1988 (para. 86) based on the assumption that the post adjustment in New York would have changed on 1 June 1988, while under the new methodology the change would come about as of 1 January 1988. On the basis of the latest information available, it appeared more likely that the change would come in New York as of 1 April 1988 while, under the new methodology, the change would take effect as from 1 February 1988, in other words two months earlier. The financial implications of the changeover to the new methodology would therefore be some \$1.4 million for 1988. As stated in the report, the financial implications would be much lower in 1989.

51. Since the Commission had recommended that a decision on the cost-of-living differential should be deferred until 1990, some delegations had suggested that all other elements used in calculating the margin should also be deferred, including the use of average salaries. Such an approach would not be justified. The cost-of-living issue was a structural element, the exclusion of which would necessitate a change in the margin range already decided by the General Assembly. There were no such reasons for excluding the use of average salaries because that would not affect the margin range. Moreover, if average salaries were not used sizeable amounts of salary on the United States side - the merit pay and special rate systems - would be excluded and that would make the comparison inaccurate. The Commission had recommended maintenance of the existing methodology, as revised, because it had not been able to agree on the cost-of-living issue and it did not wish to upset decisions on the margin range already taken.

52. Some delegations had questioned the advisability of proceeding with a total compensation comparison while others had considered it indispensable. The United States representative had stated that comparisons currently made on net remuneration and pensions together accounted for approximately 90 per cent of the total entitlements of United Nations staff. That statement should be compared with the opposing view, which was that non-expatriate benefits were only 70 per cent of the total entitlements. The difference between the two figures and the two points of view arose from the different definitions of "total entitlements" advocated by the two groups. One side contended that expatriate benefits should be excluded from the calculation whereas, the other contended that the measurements did not cover total entitlements unless those benefits were included. The United States position would imply only partial compliance with General Assembly resolution 41/207.

53. Turning to the United States statement that a comparison of total compensation would be inappropriate because of differences between the two civil services, he said that despite all the difficulties involved, a major study had been carried out

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by the secretariat of the Commission, which included expatriate benefits. The argument that the differences that existed between the two services precluded useful comparisons was not consistent with positions expressed by the General Assembly. On many occasions, the Assembly had asked ICSC to proceed with such studies, taking into consideration the differences between the two services. The Noblemaire principle related not to net remuneration but to conditions of service. That principle could not be fully complied with unless all entitlements were compared. Moreover, the World Bank, some governments and the private sector used some form of total compensation comparison.

54. In reply to the comments by the representative of Australia, he said that the comparisons considered by the Commission covered more than 30 duty stations, a large majority of which were outside Europe and North America. Those comparisons were not carried out on the basis of the remuneration package applicable to the United States Foreign Service personnel but took into account only the elements of the remuneration package which were applicable to United States federal civil service employees when they were stationed abroad.

55. Replying to the comments of the representative of Ghana concerning the inclusion of sick leave and maternity leave in total compensation comparisons, he said that the results would be the same whether or not such leave was taken into account.

56. Those who were hesitant about total compensation comparison had stated that United States personnel, unlike United Nations staff, were assigned abroad for short periods. One answer given was that the comparison being made was not between persons or careers but between jobs and the entitlements relating to those jobs.

57. The representative of Japan had stated that, even if the comparison of total compensation indicated that an adjustment was called for, it would be difficult to decide which element should be adjusted. The methodology to be employed would identify individual elements of remuneration, thereby enabling policy-makers to determine the adjustments to be effected.

58. Some delegations were concerned about the cost of undertaking the comparisons. A major study had been carried out by the ICSC secretariat without any additional cost. The product could not, of course, be described as perfect. However, it could be improved at minimal expense, which the Commission's budget could absorb, thanks to the expertise which the Salaries and Allowances Division had acquired.

59. The United States delegation had commented that the reinstatement of rental subsidies ran counter to the spirit of the General Assembly decision freezing the post adjustment. The General Assembly's intention, however, was to ensure that net remuneration did not increase, not to cause substantial reductions in take-home pay. As rents had been increasing while pay had been frozen, the application of the regressive rental subsidy formula had in fact reduced take-home pay, and newly arriving staff members at duty stations in Europe and North America found themselves particularly penalized.

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60. As the Australian delegation had remarked on the subject of the remuneration correction factor, some Governments applied less complex systems than that of the United Nations, which adjusted the entire base remuneration to account for inflation and currency fluctuations. Moreover, the post adjustment covered a large number of different expenditure components, including housing, food, education and entertainment. In the case of expatriate national employees, however, since major items of expenditure such as housing were paid for separately by the Government, the portion of total remuneration that was adjusted was substantially smaller. Moreover, United Nations officials hailed from more than 150 countries and their out-of-area expenditures must be taken into account. The procedures employed by ICSC were by no means expensive and were effective.

61. On the subject of conditions of service in the field, he recalled that the representative of Czechoslovakia, speaking on behalf of the group of socialist countries and referring to low and negative post adjustment duty stations, had said that the establishment of a floor protection for staff salaries was contrary to the principle of purchasing power parity. He (Mr. Akwei) agreed, but he would add that the post adjustment system had been designed for stable international monetary conditions, and such conditions no longer prevailed. That had been recognized by the General Assembly, which had therefore approved measures taken by the Commission to protect and stabilize staff remuneration. The Assembly had also been favourable to the application of the remuneration correction factor. A mechanical application of the principle of purchasing power parity was not realistic, since the principle was designed to ensure that staff, no matter where they were posted, should be able to buy the same basket of goods and services as in New York. In some duty stations, however, that basket was often not available.

62. The representative of Denmark, speaking on behalf of the States members of the European Community, had remarked that the recommendations and decisions of ICSC would not solve the long-term problems of service in the field. The Commission was not recommending a long-term solution; it was merely putting forward interim solutions in order to hold the line. Moreover, since interim solutions had been accepted for European duty stations, one could hardly ignore the field duty stations.

63. The United States delegation had proposed that any decision should be deferred until the findings of the working group established by ICSC to study the question of separating the effects of inflation and currency fluctuation had been reported to the General Assembly. But it would be wrong to wait a whole year before providing relief to those seriously affected by a situation which was also hampering programme delivery. Delegations which were concerned about the financial implications of such a decision should bear in mind that the scaling down of the post adjustment indices as a result of the freeze imposed in New York represented substantial savings for Member States.

64. The representative of Japan had expressed the view that, generally speaking, the current post adjustment system favoured staff members in developed countries. The members of ICSC were in general agreement with that view, which was why ICSC

(Mr. Akwei)

had adopted the recommendations currently before the Fifth Committee with respect to soft-currency countries. In recognition of the fact that in countries where substantial devaluations of local currency had taken place staff members were experiencing problems in meeting their hard-currency commitments, the Commission had formulated interim recommendations concerning low and negative post adjustment duty stations.

65. The representative of Denmark had expressed concern about the abstruse and highly technical nature of the Commission's discussion of the question of consolidation of a number of classes of post adjustment into base salary. He had asked whether the Commission's recommendations would result in additional contributions by Member States which did not tax their nationals in United Nations service. Such was not the case, and an informal note outlining the details would be distributed to the members of the Working Group.

66. Replying to a further question of the representative of Denmark, he said that the impact of the United States Tax Reform Act, 1986 would not be significant in so far as the administration of the Tax Equalization Fund was concerned. The General Assembly would be kept informed of the consequences of the implementation of that Act.

67. On the question of the supplementary payments which some Member States made to their nationals employed by the United Nations, he said that about two thirds of the Member States had not replied to the request for information on the subject. The representative of Australia had found the practice regrettable but not relevant to the real issue of what constituted an acceptable level of remuneration for international staff. The Noblemaire principle was based on the assumption that the Organization would be able to attract highly qualified and competent staff from the best paid national civil service. The practice of supplementary payments seemed to imply that the application of the principle was not fulfilling its objective completely. Moreover, if not checked, the practice would create a difference between staff from rich countries and staff from poor countries, contrary to the principle of equal pay for equal work. The practice was illegal, not merely regrettable.

68. Mr. GREGG (Australia) said that he was indebted to the Chairman of the Commission for his answers but that differences subsisted on many issues which the Government of Australia regarded as very important. His delegation was not convinced by the arguments put forward and continued to think that a number of the recommendations and decisions of the Commission were untimely.

69. Mr. CHUH (Singapore) said that he was intrigued by the controversy created by the actual amount of the financial implications of the ICSC report. He inquired as to the precise amount and the proportion of it which was due to the respective decisions and recommendations of the Commission.

The meeting rose at 1.10 p.m.